

HARLEY DAVIDSON INC
Form DEF 14A
March 30, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Harley-Davidson, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

NOTICE OF ANNUAL MEETING

AND

PROXY STATEMENT

Harley-Davidson, Inc.

3700 West Juneau Avenue

Milwaukee, Wisconsin 53208

(414) 342-4680

March 27, 2006

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of our Company, I cordially invite you to attend the 2006 Annual Meeting of Shareholders of Harley-Davidson, Inc. to be held at 10:30 a.m., Central Time, on April 29, 2006, at the Pfister Hotel, 424 East Wisconsin Avenue, Milwaukee, Wisconsin.

The attached Notice of Annual Meeting of Shareholders and Proxy Statement describe the formal business to be transacted at the 2006 Annual Meeting of Shareholders. During the 2006 Annual Meeting of Shareholders there will also be brief reports on the operations of the Company. Once the business of the 2006 Annual Meeting of Shareholders has been concluded, Shareholders will be given the opportunity to ask questions.

We sincerely hope you will be able to attend our 2006 Annual Meeting of Shareholders. However, whether or not you are personally present, it is important that your shares be represented.

We are pleased to once again offer multiple options for voting your shares. As detailed in the section called, **Questions and Answers About the Meeting How Do I Vote?** of the Notice of Annual Meeting of Shareholders and Proxy Statement, you may vote your shares by telephone, via the Internet, by mail or by written ballot at the 2006 Annual Meeting of Shareholders.

Thank you for your continued support of Harley-Davidson, Inc.

Sincerely yours,

James L. Ziemer

President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 29, 2006

The 2006 Annual Meeting of Shareholders of Harley-Davidson, Inc. (the Company) will be held at the Pfister Hotel, 424 East Wisconsin Avenue, Milwaukee, Wisconsin on Saturday, April 29, 2006 at 10:30 a.m., Central Time, for the following purposes:

1. To elect four directors to the Board of Directors of the Company (the Board), each to serve a three-year term that expires at the Company's 2009 annual meeting of shareholders;
2. To ratify the selection of Ernst & Young LLP, independent registered public accounting firm, to be the auditors of: (i) the annual consolidated financial statements of the Company; (ii) management's assessment of the effectiveness of the Company's internal control over financial reporting; and (iii) the effectiveness of the Company's internal control over financial reporting for the fiscal year ending December 31, 2006; and
3. To take action upon any other business as may properly come before the 2006 Annual Meeting of Shareholders and any adjournments or postponements of that meeting.

The Board recommends a vote FOR items 1 and 2. The Board or proxy holders will use their discretion on other matters that may arise at the 2006 Annual Meeting of Shareholders.

The Board has fixed the close of business on March 9, 2006 as the record date for determining Shareholders entitled to notice of and to vote at the 2006 Annual Meeting of Shareholders and any adjournments or postponements of that meeting.

By Order of the Board of Directors,

Harley-Davidson, Inc.

Gail A. Lione

Secretary

Milwaukee, Wisconsin

March 27, 2006

We urge you to submit your proxy as soon as possible. If you own shares registered directly with the Company's transfer agent, Computershare Investor Services LLC, or you own shares in the Company's Dividend Reinvestment Plan, then you can submit your proxy for those shares by using a toll-free telephone number or the Internet, or by marking your votes on the enclosed proxy card and signing, dating and mailing it in the enclosed postage-paid envelope. Instructions for using these convenient services are set forth on the enclosed proxy card. Street name holders may also vote by telephone or the Internet if their bank, broker or other nominee makes those methods available, in which case the bank, broker or other nominee will enclose the instructions with the Proxy Statement. Street name holders who wish to vote at the meeting will not be permitted to vote in person at the meeting unless they first obtain a proxy issued in their name from their broker, bank or other nominee.

3700 West Juneau Avenue

Milwaukee, Wisconsin 53208

March 27, 2006

PROXY STATEMENT

The proxy accompanying this Proxy Statement is solicited by the Board of Directors (the **Board**) of Harley-Davidson, Inc. (the **Company**) for use at the 2006 Annual Meeting of Shareholders of the Company to be held on April 29, 2006 and at any adjournment or postponement of that meeting (the **Annual Meeting**). This Proxy Statement and the accompanying proxy were first sent to Shareholders (as defined below) on or about March 27, 2006.

As used in this Proxy Statement, **Motor Company** refers collectively to the Company's subsidiaries, Harley-Davidson Motor Company Operations, Inc., Harley-Davidson Motor Company Group, Inc. and Harley-Davidson Motor Company, Inc., which collectively do business as Harley-Davidson Motor Company, and **HDFS** refers to Harley-Davidson Financial Services, Inc. and its subsidiaries.

QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: What Is the Purpose of the Annual Meeting?

A: At the Annual Meeting, Shareholders will act upon matters described in the notice of meeting contained in this Notice of Annual Meeting of Shareholders and Proxy Statement (**Proxy Statement**), including the election of directors and the ratification of the Board's Audit Committee's (**Audit Committee**) determination regarding the Company's independent registered public accounting firm. In addition, members of management will report on the Company's 2005 performance and, once the business of the Annual Meeting is concluded, respond to questions raised by Shareholders as time permits.

Q: Who Is Entitled to Vote?

A: Only holders of the 272,320,084 shares of the Company's \$.01 par value common stock (**Common Stock**) outstanding as of the close of business on March 9, 2006 (the **Record Date**) will be entitled to vote at the Annual Meeting (**Shareholders**). Each Shareholder is entitled to one vote for each share of Common Stock that he or she held on the Record Date.

Q: Who Can Attend the Annual Meeting?

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A: All Shareholders, or individuals holding their duly appointed proxies, may attend the Annual Meeting. Appointing a proxy in response to this solicitation will not affect a Shareholder s

right to attend the Annual Meeting and to vote in person. Please note that if you hold your shares in street name (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the Record Date to gain admittance to the Annual Meeting.

Q: What Constitutes a Quorum?

A: A majority of the 272,320,084 shares of the Common Stock outstanding on the Record Date must be represented, in person or by proxy, to provide a quorum at the Annual Meeting. If you vote, your shares will be counted toward the quorum. Shares represented by proxy cards either marked ABSTAIN or returned without voting instructions are counted as present for the purpose of determining whether the quorum requirement is satisfied. Also, in those instances where banks, brokers or other nominees who hold shares on behalf of others have returned a proxy but cannot vote the shares on particular matters without receiving voting instructions from the beneficial owners (broker nonvotes), those shares will be counted as present for quorum purposes. Broker nonvotes will not be counted as votes for or against any proposal.

Q: What Is the Effect of Not Voting?

A: The consequences of not voting will depend on how your share ownership is registered. If you own shares as a registered holder and do not vote, your unvoted shares will not be represented at the meeting and will not count toward the quorum requirement.

If you own shares in street name and do not vote, your broker, bank or other nominee may represent your shares at the meeting for purposes of obtaining a quorum. If you do not give voting instructions for your shares, your broker, bank or other nominee may or may not be able to vote your shares in its discretion depending on the proposals before the meeting. Your broker, bank or other nominee may vote your shares in its discretion on routine matters such as Proposal 1, the election of directors, and Proposal 2, the ratification of the Company's independent registered public accounting firm.

Q: How Do I Vote?

A: If you own shares registered directly with the Company's transfer agent, Computershare Investor Services LLC, or if you own shares through the Company's Dividend Reinvestment Plan, on the close of business on the Record Date, you can appoint a proxy by telephone by calling toll-free (within the United States or Canada) (866) 668-0871, by using the Internet at <http://www.computershare.com/us/proxy> or by mailing your signed proxy card in the enclosed envelope. If you own shares in street name, you may vote by telephone or the Internet if your bank, broker or other nominee makes those methods available, in which case your bank, broker or other nominee will enclose instructions with your Proxy Statement. The telephone and Internet voting procedures are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that your instructions have been properly recorded. If you vote via the Internet, you should understand that there might be costs associated with electronic access that you must bear, such as usage charges from Internet access providers and telephone companies.

Q: Can I Change My Vote After I Submit My Proxy?

A: Yes. You can change your vote at any time before the proxy is exercised by submitting a new proxy or by providing written notice to the Secretary of the Company and voting in person at

the Annual Meeting. Your presence at the Annual Meeting does not in and of itself revoke your proxy. Unless so revoked, the shares represented by your proxy received by the Board will be voted at the Annual Meeting. If you specify a choice by means of the proxy, then your shares will be voted in accordance with such specifications. If you do not specify a choice, then your shares will be voted in accordance with the recommendations of the Board.

Q: Is My Vote Confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation.

Q: What Am I Voting On?

A: You are voting on two proposals:

Proposal 1: Election of Class III Directors

Election of four directors for a term of three years, with the following as the Board's nominees:

- a. Jeffrey L. Bleustein;
- b. Donald A. James;
- c. James A. Norling; and
- d. James L. Ziemer.

Proposal 2: Ratification of Selection of an Independent Registered Public Accounting Firm

The Audit Committee has selected Ernst & Young LLP, independent registered public accounting firm, to be the auditors of: (i) the annual consolidated financial statements of the Company; (ii) management's assessment of the effectiveness of the Company's internal control over financial reporting; and (iii) the effectiveness of the Company's internal control over financial reporting for the fiscal year ending December 31, 2006.

Q: What Are the Board's Recommendations?

A: The Board recommends a vote:

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- *for* election of the nominated slate of directors (see Proposal 1); and
- *for* ratification of the selection of Ernst & Young LLP, independent registered public accounting firm, to be the auditors of:
(i) the annual consolidated financial statements of the Company; (ii) management's assessment of the effectiveness of the Company's internal control over financial reporting; and (iii) the effectiveness of the Company's internal control over financial reporting for the fiscal year ending December 31, 2006 (see Proposal 2).

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

Q: What Vote Is Required to Approve Each Proposal?

A: The four director nominees receiving the greatest number of votes will be elected. Provided a quorum is present, the ratification of Ernst & Young LLP as the independent registered public accounting firm for fiscal year 2006 requires an affirmative vote of the majority of votes cast by Shareholders.

Q: Are There Any Other Items That Are To Be Acted Upon During the Annual Meeting?

A: No. The Company is not aware of any other matters that you will be asked to vote on at the Annual Meeting. In addition, the deadline has passed for Shareholders to submit proposals for presentation at the Annual Meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the requirements set forth in the Restated Articles of Incorporation of the Company (Articles of Incorporation). If other matters are properly brought before the Annual Meeting with the assent of the Board, the Board or proxy holders will use their discretion on these matters as they may arise.

Q: Who Will Count the Vote?

A: Computershare Investors Services LLC will count the vote. Its representative will serve as the inspector of the election.

Q: Who Pays to Prepare, Mail and Solicit the Proxies?

A: The cost of soliciting the proxies relating to the Annual Meeting will be borne by the Company, except for some costs which may be associated with individual Shareholder use of the telephone and Internet. Proxies may be solicited by personal meeting, telephone, Internet, telegraph and facsimile machine, as well as by use of the mails. It is anticipated that banks, brokerage houses and other custodians, nominees or fiduciaries will be requested to forward soliciting materials to their principals and to obtain authorization for the execution of proxies and that they will be reimbursed by the Company for their out-of-pocket expenses incurred in providing those services. Employees of the Company participating in the solicitation of proxies will not receive any additional remuneration for such solicitation. The Company has retained D. F. King & Co., Inc. to aid in the solicitation at an estimated cost to the Company of approximately \$7,000 plus out-of-pocket expenses.

Q: How Can I Obtain Electronic Access to Shareholder Materials Instead of Receiving Mailed Copies?

A: We are pleased to offer you the option to view shareholder communications (for example, annual reports and proxy statements) over the Internet, instead of receiving those documents in print. By consenting to view communications over the Internet, you will help us reduce our printing and mailing costs, which can be substantial. Participation is completely voluntary, but now is a good time to do so. If you give your consent, then we will notify you by U.S. Mail when shareholder materials are available over the Internet and provide you with a listing of the website locations where you can access such materials. Once you give your consent, it will remain in effect until you inform us otherwise. Even if you give your consent, you maintain the right to request paper copies of these documents at any time by contacting the Company's Investor Relations Department by: (a) mail at Harley-Davidson, Inc., Attention: Investor

Relations, 3700 West Juneau Avenue, P. O. Box 653, Milwaukee, Wisconsin 53201-0653, (b) telephone at 877-HDSTOCK (toll-free) or (c) e-mail at investor.relations@harley-davidson.com. If you access documents electronically, you should understand that there might be costs associated with electronic access that you must bear, such as usage charges from Internet access providers and telephone companies.

To give your consent, check the box labeled "I Consent" in the section labeled "Consent for Future Delivery of Proxy Material Online" on your proxy card. If you hold your shares through a bank, broker or other nominee, please refer to the information that entity provides to you for instructions on how to elect this option. If you have previously consented to receive shareholder communications electronically, then you do not need to provide additional consent at this time.

We encourage you to consider agreeing to view your shareholder communications electronically.

QUESTIONS AND ANSWERS ABOUT THE COMPANY

Q: How is the Company's Management Structured?

A: The Company operates in two business segments: the Motorcycles and Related Products segment and the Financial Services segment. The Motorcycles and Related Products segment includes the Motor Company and the group of companies doing business as Buell Motorcycle Company. The Financial Services segment includes HDFS.

Since 1993 and until recently, the Motor Company has been managed by three functional groups, or "circles" – the Produce Product Group, the Create Demand Circle and the Provide Support Circle. The circle structure encourages a highly collaborative culture.

In February 2006, the Company announced a change in its organizational structure. Instead of three functional circles, the Motor Company is now managed by four functional circles. The four circles consist of the Design Product Circle, the Produce Product Group, the Sales and Marketing Circle and the Provide Support Circle. This new structure is designed to enable the Company's leaders and their respective organizations to better focus on critical priorities, to increase the speed of decision making and to provide clear accountability for results. The Design Product Circle is charged with bringing products to market, improving quality and lowering costs of our products; the Produce Product Group is charged with the manufacture and delivery of products; the Sales and Marketing Circle is charged with increasing the retail sales of the Company's independent dealers, getting closer to customers and improving global distribution; and the Provide Support Circle is charged with providing the necessary services to support those activities and the strategic direction of the Company (please see the diagram on page 6).

All of the leaders of the Motor Company's functional areas, the chief operating officers of HDFS and Buell and the chief technical officer of Buell make up the Functional Leadership Group (FLG), and each participates in the circle that is most appropriate for his or her functional area. For example, the Vice President, Engineering sits on the Design Product

Circle; the Vice President, Advanced Manufacturing sits on the Produce Product Group; the Vice President, Marketing sits on the Sales and Marketing Circle; and the Vice President and Chief Financial Officer sits on the Provide Support Circle. Certain members of all of the circles are chosen to become members of the Leadership and Strategy Council (LSC). The LSC functions similarly to an executive committee for the Company and consists of chosen members of the circles, as well as the chief operating officers of the Motor Company, Buell Motorcycle Company and HDFS and certain Company officers.

The members of the LSC are challenged with the responsibility of making decisions on business issues that impact the entire Company, developing high-level policies and advising the Chief Executive Officer. For purposes of the Securities and Exchange Commission (SEC), the LSC members are deemed the Company 's executive officers who, among other things, are required to disclose their holdings of and transactions in Common Stock on forms prescribed by the SEC.

Q: Who are the Company's current executive officers for SEC purposes?

A: As of the Record Date, the Company's executive officers for SEC purposes were as follows:

<u>Name and Title</u>	<u>Age</u>
Thomas E. Bergmann, Vice President and Chief Financial Officer of the Company <i>Mr. Bergmann has been employed by the Company since March 6, 2006.</i>	39
Joanne M. Bischmann, Vice President, Marketing of the Motor Company <i>Ms. Bischmann has been employed by the Motor Company for approximately 16 years.</i>	44
James M. Brostowitz, Vice President, Treasurer and Chief Accounting Officer of the Company; and from April 30, 2005 to March 6, 2006 Mr. Brostowitz also held the position of Acting Chief Financial Officer of the Company <i>Mr. Brostowitz has been employed by the Company and/or the Motor Company for approximately 18 years.</i>	54
Karl M. Eberle, Vice President and General Manager, Kansas City of the Motor Company <i>Mr. Eberle has been employed by the Motor Company for approximately 16 years.</i>	57
Jon R. Flickinger, Vice President of the Motor Company and President and Chief Operating Officer of Buell Motorcycle Company <i>Mr. Flickinger has been employed by the Motor Company for approximately 11 years.</i>	47
John A. Hevey, Vice President, Strategic Planning and New Business Development of the Motor Company <i>Mr. Hevey has been employed by the Motor Company for approximately 16 years.</i>	48
Ronald M. Hutchinson, Vice President and Coach to the Design Product Circle of the Motor Company <i>Mr. Hutchinson has been employed by the Motor Company for approximately 30 years.</i>	59
Gail A. Lione, Vice President, General Counsel and Secretary of the Company and Chief Compliance Officer of the Company <i>Ms. Lione has been employed by the Company for approximately nine years.</i>	56
James A. McCaslin, President and Chief Operating Officer of the Motor Company <i>Mr. McCaslin has been employed by the Motor Company for approximately 14 years.</i>	57
Harold A. Scott, Vice President, Human Resources of the Motor Company <i>Mr. Scott has been employed by the Motor Company for approximately five years.</i>	58
W. Kenneth Sutton, Jr., Vice President, Engineering of the Motor Company <i>Mr. Sutton has been employed by the Motor Company for approximately 13 years.</i>	57
Donna F. Zarcone, President and Chief Operating Officer of HDFS <i>Ms. Zarcone has been employed by HDFS for approximately 12 years.</i>	48
James L. Ziemer, President and Chief Executive Officer of the Company <i>Mr. Ziemer has been employed by the Company and/or the Motor Company for approximately 34 years.</i>	56

Q: Does the Company have a Chief Compliance Officer?

A: Yes. In 2004, the Board appointed Gail A. Lione, Vice President, General Counsel and Secretary of the Company, as the Company's Chief Compliance Officer. Appointing Ms. Lione as Chief Compliance Officer was part of the Board's commitment to compliance at the highest levels and its desire to promote compliance, education and reporting within the Company. This action formalized continuing efforts by the Company to direct and promote an effective compliance program. Among other things, this compliance program has included quarterly reports by the FLG and other senior management to the Motor Company's Legal Department regarding compliance matters and training of and by business owners, particularly in more regulated areas of the Company. The compliance program also includes training on corporate governance issues including insider trading restrictions and disclosure of material information to employees and senior management. In addition, Ms. Lione makes regular reports to the Audit Committee on legal and compliance matters.

Q: Does the Company have a Disclosure Committee?

A: Yes. The Company has a Disclosure Committee comprised of members of management responsible for considering the materiality of information and making disclosure decisions on a timely basis. The Disclosure Committee Guidelines, as amended, provide, among other things, that the Disclosure Committee: (1) has access to all Company books, records, facilities and personnel, as well as the Company's independent registered public accounting firm and outside counsel; (2) design, establish and maintain disclosure controls and procedures for the SEC reporting process and modify them from time to time, as appropriate; (3) create and review all financial press releases; (4) review SEC filings on Form 8-K, Form 10-K, Form 10-Q and the Company's annual proxy statement; (5) suggest appropriate disclosures or opine on disclosure issues; (6) evaluate changes in SEC, New York Stock Exchange (NYSE) and Financial Accounting Standards Board disclosure rules and make recommendations regarding their impact on the Company; (7) receive and review regular updates from the Company's management, internal auditors and independent accountants; (8) discuss material items with employees in the internal audit function, independent registered public accounting firm and the Company's management to ensure appropriate disclosure; (9) arrange for necessary training to ensure effective implementation of the disclosure controls and procedures; (10) periodically review and reassess the performance of the Disclosure Committee; (11) maintain written records necessary to evidence procedures followed in connection with the preparation and approval of any disclosure documents; (12) annually review and reassess the adequacy of the Disclosure Committee Guidelines; and (13) undertake any other responsibilities delegated to it from time to time by any senior officer of the Company to assist that senior officer in fulfilling his or her responsibility for oversight of compliance with the disclosure controls and procedures. The Company formally established the Disclosure Committee in October 2002.

Q: Does the Company have an Internal Audit Department?

A: Yes. The Company has an internal audit function. The head of the internal audit function reports directly to both the Audit Committee and the Company's Chief Financial Officer. The Audit Committee Charter specifically provides that the head of the internal audit function is ultimately accountable to the Board and the Audit Committee, and that the Audit Committee has the ultimate authority and responsibility to appoint, retain, evaluate and, where appropriate, replace the head of the internal audit function. For more information on the internal audit function, please see the Audit Committee Report.

Q: Where Can I Find Corporate Governance Materials for the Company?

A: The Corporate Governance Policy, the Conflict Process for Directors and Executive Officers, the Code of Business Conduct (the Code of Conduct), the Financial Code of Ethics (the Financial Code) and the charters for the Audit Committee of the Board, Nominating and Corporate Governance Committee of the Board (Nominating Committee) and Human Resources Committee of the Board (Human Resources Committee) are published on the Corporate Governance page of the Company s website at <http://www.harley-davidson.com>. The Company is not including the information contained on or available through its website as a part of this proxy statement, by reference or otherwise.

Since 1992, the Company has had a Code of Conduct approved by the Board, which applies to all Company employees and directors. The Code of Conduct is intended to promote honest and ethical conduct and to provide guidance for the appropriate handling of various business situations. The Code of Conduct has been delivered to all employees worldwide and is also available in seven languages on the Corporate Governance page of the Company s website. Employees may anonymously report possible violations of the Code of Conduct via toll-free telephone numbers or in writing to the General Counsel of the Company at the following address in care of the Secretary of the Company: Harley-Davidson, Inc., 3700 West Juneau Avenue, P. O. Box 653, Milwaukee, Wisconsin 53201-0653. For more information on the Code of Conduct, please see the Nominating and Corporate Governance Committee Report. The Company also has the Financial Code which is signed by managers of employees and employees in the finance and accounting areas, or in areas that provide support to the finance and accounting areas of the Company and its affiliates and subsidiaries. Reports of possible violations of the Financial Code may be made directly to the Chairperson of the Audit Committee, in care of the Secretary of the Company at the above address.

Q: How May I Contact the Members of the Board?

A: All current members of the Board are listed on the Corporate Governance page of the Company s website. Shareholders and other parties interested in communicating with Barry K. Allen, the Presiding Director (the director who presides at executive sessions of the Board), or with any non-management director may do so by writing to that director in care of the Secretary of Harley-Davidson, Inc., 3700 West Juneau Avenue, P.O. Box 653, Milwaukee, Wisconsin 53201-0653.

Shareholders may recommend candidates for consideration by the Nominating Committee at any time by writing to the Chairperson of the Nominating Committee in care of the Secretary of the Company at the above address. For consideration in connection with the 2007 annual meeting of shareholders, such recommendations must be received by the Company on or before November 27, 2006.

PROPOSALS TO BE VOTED ON

PROPOSAL 1

ELECTION OF DIRECTORS

The Articles of Incorporation provide for a Board of not less than six, nor more than 15 members, as determined from time to time by the affirmative vote of a majority of the directors then in office. The Board is divided into three classes, with one class of directors elected each year for a term of three years subject to the mandatory retirement provisions in the Company's by-laws. The retirement provisions are contained in Section 2.07 of the Company's by-laws, which provide that a director automatically ceases to be a director of the Company upon the earlier to occur of the annual meeting following the director's 70th birthday or the director's serving 15 years on the Board, except that the current Board may (without such director present if the Board so chooses) elect to exempt a director from these provisions.

The Board currently consists of ten members: four with terms that expire at the Annual Meeting (Class III Directors), three with terms that expire at the 2007 annual meeting of shareholders (Class I Directors) and three with terms that expire at the 2008 annual meeting of shareholders (Class II Directors).

The four nominees for director set forth below, all of whom are currently Class III Directors, are proposed to be elected at the Annual Meeting to serve until the 2009 annual meeting of shareholders. One of the nominees, Director Donald A. James, would have become subject to the retirement provisions at the commencement of the Annual Meeting (which marks Mr. James' fifteen year anniversary). The Nominating Committee considered the candidacy of Mr. James and his value to the Company as a director based, in part, upon his historical knowledge of the Company and his extensive industry experience and determined to exercise its discretion under the retirement provisions to extend Mr. James' tenure. The remaining six directors will continue to serve as members of the Board for terms as set forth below. The nominees have advised the Company that they will serve if elected. Directors are elected by a plurality of the votes cast, assuming a quorum is present at the Annual Meeting. Thus, any shares not voted, whether due to abstentions or broker nonvotes (if any), will not have an impact on the election of directors. Once a share is represented at the Annual Meeting, it will be deemed present for quorum purposes throughout the Annual Meeting (including any adjournment or postponement of that meeting unless a new record date is or must be set for such adjournment or postponement). Proxies solicited by the Board will be voted FOR the following nominees unless a Shareholder specifies otherwise. Should any such nominee become unable to serve, proxies may be voted for another person designated by the Board.

The names, ages as of the Record Date, and principal occupations for at least the past five years of each of the directors and nominees and the names of any other public companies of which each is presently serving as a director are set forth below:

THE BOARD RECOMMENDS A VOTE FOR THE FOLLOWING NOMINEES.

Nominees for Class III Directors Terms Expiring at the 2009 Annual Meeting of Shareholders

JEFFREY L. BLEUSTEIN, 66, has been a director of the Company since 1996.

Mr. Bleustein was elected Chairman of the Board of the Company in December 1998. On April 30, 2005, Mr. Bleustein retired as Chief Executive Officer and President of the Company. He also served as Chief Executive Officer and President of the Company from July 1997 to April 2005. From July 1997 to May 1999 Mr. Bleustein served as President and Chief Executive Officer of the Motor Company. Mr. Bleustein served as President and Chief Operating Officer of the Motor Company from January 1993 to May 2000. He was Executive Vice President of the Company from September 1991 to June 1997. Mr. Bleustein was an employee of the Motor Company for 34 years. He is also a director of Brunswick Corporation and Kohler Co.

DONALD A. JAMES, 62, has been a director of the Company since 1991.

Mr. James is a co-founder, equity owner and, since 2002, has served as Chairman and Chief Executive Officer of Deeley Harley-Davidson Canada/Fred Deeley Imports Ltd., the largest independent motorcycle distributorship in Canada and the exclusive distributor of the Company's motorcycles in Canada. He served as Vice Chairman and Chief Executive Officer of Deeley Harley-Davidson Canada/Fred Deeley Imports Ltd. from 1973 to 2002.

JAMES A. NORLING, 64, has been a director of the Company since 1993.

Mr. Norling has served as Chairman of the board of directors of Chartered Semiconductor Manufacturing Ltd., a semiconductor manufacturer, since August 2002. Mr. Norling also served as interim President and Chief Executive Officer of that company from April 2002 to July 2002. In August 2000, Mr. Norling retired as Executive Vice President of Motorola, Inc., a manufacturer of electronics, and as President, Personal Communications Sector of Motorola, Inc., positions that he held since June 1999. He served as Executive Vice President, Deputy to Chief Executive Officer and President, Europe, Middle East and Africa for Motorola, Inc. from December 1998 to June 1999, and as President and General Manager, Messaging, Information and Media Sector for Motorola, Inc. from January 1997 to December 1998.

JAMES L. ZIEMER, 56, has been a director of the Company since December 2004.

Mr. Ziemer is the Chief Executive Officer and President of the Company, a position he has held since April 30, 2005. Mr. Ziemer previously served as Vice President and Chief Financial Officer of the Company from December 1990 to April 2005 and President of The Harley-Davidson Foundation, Inc. until March 6, 2006. His career at the Motor Company has spanned approximately 34 years.

Class I Directors Terms Expiring at 2007 Annual Meeting of Shareholders

BARRY K. ALLEN, 57, has been a director of the Company since 1992.

Mr. Allen has served as Executive Vice President, Operations since March 2004 of Qwest Communications International Inc., a broadband Internet-based communications company, and prior to that time, from August 2002, he served as Chief Human Resources Officer of Qwest. Mr. Allen also serves as President of Allen Enterprises, LLC, a private equity investment and management company he established in August 2000. Mr. Allen served as President of Ameritech Corporation, a telecommunications company, from October 1999 until August 2000. Mr. Allen was Executive Vice President of SBC Communications (f/k/a Ameritech Corporation) from August 1995 to October 1999. He is also a director of Fiduciary Management, Inc. which is the investment advisor for certain funds including FMI Common Stock Fund, Inc., FMI Large Cap Fund and FMI Focus Fund and FMI Provident Trust Strategy Fund, for which Mr. Allen serves as a director.

RICHARD I. BEATTIE, 66, has been a director of the Company since 1996.

Mr. Beattie is currently serving as Chairman of Simpson Thacher & Bartlett LLP, a law firm, a position he has held since May 2004. Mr. Beattie has been a partner of Simpson Thacher & Bartlett LLP since 1977 and has served as Chairman of the Executive Committee of that firm since 1991. Mr. Beattie is an expert in corporate governance issues, serving as counsel to numerous boards and non-management directors. Mr. Beattie also has a distinguished record of public service, including serving as General Counsel of the Department of Health, Education and Welfare during President Carter's administration and as a Senior Advisor to the Secretary of State for Reorganization Issues in 1997 during President Clinton's administration. From 1995 to 1997, Mr. Beattie served as President Clinton's Emissary for Cyprus. Mr. Beattie is also a director of Heidrick & Struggles International, Inc.

JUDSON C. GREEN, 53, has been a director of the Company since November 2004.

Mr. Green has been the President and Chief Executive Officer of NAVTEQ Corporation, a leading provider of comprehensive digital map information for automotive navigation systems, mobile navigation devices and Internet-based mapping applications, since May 2000. Prior to joining NAVTEQ Corporation, Mr. Green was the Chairman of Walt Disney Attractions from December 1998 until April 2000, and President of Walt Disney Attractions, the theme park and resort segment of The Walt Disney Company, from August 1991 through December 1998. Mr. Green is also a director of NAVTEQ Corporation and DreamWorks Animation SKG, Inc. (as of March 21, 2006).

Class II Directors Terms Expiring at 2008 Annual Meeting of Shareholders

GEORGE H. CONRADES, 67, has been a director of the Company since 2002.

Mr. Conrades is Executive Chairman of Akamai Technologies, Inc., a provider of secure, outsourced e-business infrastructure services and software, a position he has held since April 2005. Mr. Conrades served as Chairman and Chief Executive Officer of Akamai from April 1999 to April 2005. Since August 1998, Mr. Conrades also has served as a venture partner with Polaris Venture Partners, an early stage investment company. Mr. Conrades previously served as Executive Vice President of GTE Corporation, a telecommunications company, and President of GTE Internetworking, Inc., an Internet communications company, from May 1997 to August 1998, following that firm's acquisition of BBN Corporation, a technological research and development company. Prior to that time and for 31 years, Mr. Conrades was employed by International Business Machines Corporation, an information technology company. He is also a director of Cardinal Health, Inc.

SARA L. LEVINSON, 55, has been a director of the Company since 1996.

Ms. Levinson is ChairMom of ClubMom, Inc., a consumer relationship management company, a position she has held since May 2000. Ms. Levinson previously served as President of the Women's Group of Rodale, Inc., the world's leading publisher of information on healthy, active lifestyles, a position she held from September 2002 to May 2005. She previously served as Chief Executive Officer of ClubMom, Inc. from May 2000 to September 2002. Ms. Levinson was President of NFL Properties, Inc., a trademark licensing company for the National Football League, from September 1994 to April 2000. Prior to that time, Ms. Levinson served as President and Business Director of MTV: Music Television, a cable television network, from 1993 to September 1994. She is also a director of Federated Department Stores, Inc.

GEORGE L. MILES, JR., 64, has been a director of the Company since 2002.

Mr. Miles is President and Chief Executive Officer of WQED Multimedia, the public broadcaster for southwestern Pennsylvania, a position he has held since April 1994. Mr. Miles is also a certified public accountant who at the beginning of his career worked for over eight years with Touche Ross & Company, an accounting firm, and six years as an auditor for the federal government. He is also a director of American International Group, Inc., Equitable Resources, Inc. and WESCO International, Inc. Mr. Miles also served as director of Westwood One, Inc. and resigned from this position effective March 31, 2006.

PROPOSAL 2**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC****ACCOUNTING FIRM**

Ernst & Young LLP, independent registered public accounting firm, audited the Company's consolidated financial statements for the fiscal year ended December 31, 2005, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. Ernst & Young LLP has been selected by the Audit Committee to serve as the Company's independent registered public accounting firm for the current fiscal year, and in accordance with a resolution of the Board, this selection is being presented to Shareholders for ratification. Representatives of Ernst & Young LLP will be present at the Annual Meeting to respond to Shareholders' questions.

If prior to the Annual Meeting Ernst & Young LLP shall decline to act or its engagement shall be otherwise discontinued by the Audit Committee, the Audit Committee will appoint another independent registered public accounting firm whose engagement for any period subsequent to the Annual Meeting will be subject to ratification by Shareholders at the Annual Meeting. If the Shareholders fail to ratify the engagement of Ernst & Young LLP at the Annual Meeting, then the Audit Committee will reconsider its selection of independent registered public accounting firm. Proxies solicited by the Board will be voted FOR ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2006, unless a proxy specifies otherwise.

The affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting is required for ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006. For purposes of determining the vote regarding this proposal, abstentions will have no impact on the vote. Proxies solicited by the Board will be voted FOR ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006.

The Company entered into an engagement letter with Ernst & Young LLP for its work in 2005 which, among other things, contains contractual provisions that subject the Company to alternative dispute resolution procedures and excludes punitive damages from any monetary award. It is anticipated that audit work performed by Ernst & Young LLP for 2006 will be subject to a similar engagement letter.

Fees Paid to Ernst & Young LLP

During the fiscal year ended December 31, 2005, Ernst & Young LLP was employed principally to perform the annual audit and to render audit-related and tax services. Pursuant to the Audit Committee Charter, all Ernst & Young LLP services must be pre-approved by the Audit Committee. Fees paid to Ernst & Young LLP for each of the last two fiscal years were pre-approved by the Audit Committee and are listed in the following table.

	2005	2004
	<u> </u>	<u> </u>
Audit fees	\$ 2,087,300	\$ 1,747,900
Audit-related fees	274,700	322,000
Tax fees	240,200	416,000
All other fees		
	<u> </u>	<u> </u>

\$ 2,602,200 \$ 2,485,900

