

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from to

Commission file number 1-9183

Harley-Davidson, Inc.

Wisconsin  
(State of organization)  
3700 West Juneau Avenue Milwaukee Wisconsin  
(Exact name of registrant as specified in its charter) (Address of principal executive offices)  
39-1382325  
(I.R.S. Employer Identification No.)  
53208  
(Zip code)  
Registrant's telephone number, including area code: ( 414) 342-4680  
None  
(Former name, former address and former fiscal year, if changed since last report)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock Par Value \$.01 PER SHARE	HOG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The registrant had outstanding 131,620,992 shares of common stock as of July 26, 2024.

## HARLEY-DAVIDSON, INC.

## Form 10-Q

For The Quarter Ended June 30, 2024

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

HARLEY-DAVIDSON, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share amounts)  
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue:				
Motorcycles and related products	\$ 1,355,354	\$ 1,205,162	\$ 2,836,164	\$ 2,770,753
Financial services	263,539	240,361	512,336	463,456
	<u>1,618,893</u>	<u>1,445,523</u>	<u>3,348,500</u>	<u>3,234,209</u>
Costs and expenses:				
Motorcycles and related products cost of goods sold	924,012	790,628	1,947,693	1,797,929
Financial services interest expense	93,741	86,005	182,480	159,554
Financial services provision for credit losses	56,030	57,278	117,040	109,642
Selling, administrative and engineering expense	304,008	290,274	597,105	576,137
	<u>1,377,791</u>	<u>1,224,185</u>	<u>2,844,318</u>	<u>2,643,262</u>
Operating income	241,102	221,338	504,182	590,947
Other income, net	15,879	7,226	36,443	27,322
Investment income	14,811	11,151	29,215	21,176
Interest expense	7,680	7,696	15,359	15,416
Income before income taxes	264,112	232,019	554,481	624,029
Income tax provision	48,706	58,189	106,842	148,370
Net income	215,406	173,830	447,639	475,659
Less: Loss attributable to noncontrolling interests	2,863	4,209	5,571	6,470
Net income attributable to Harley-Davidson, Inc.	<u>\$ 218,269</u>	<u>\$ 178,039</u>	<u>\$ 453,210</u>	<u>\$ 482,129</u>
Earnings per share:				
Basic	\$ 1.64	\$ 1.24	\$ 3.36	\$ 3.33
Diluted	\$ 1.63	\$ 1.22	\$ 3.34	\$ 3.27
Cash dividends per share	\$ 0.1725	\$ 0.1650	\$ 0.3450	\$ 0.3300

The accompanying notes are integral to the consolidated financial statements.

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands)  
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net income	\$ 215,406	\$ 173,830	\$ 447,639	\$ 475,659
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(6,895)	(19,637)	(38,189)	(9,516)
Derivative financial instruments	2,403	19,126	6,924	(2,756)
Pension and postretirement benefit plans	(824)	(961)	(1,647)	(1,923)
	(5,316)	(1,472)	(32,912)	(14,195)
Comprehensive income	210,090	172,358	414,727	461,464
Less: Comprehensive loss attributable to noncontrolling interests	2,863	4,209	5,571	6,470
Comprehensive income attributable to Harley-Davidson, Inc.	\$ 212,953	\$ 176,567	\$ 420,298	\$ 467,934

The accompanying notes are integral to the consolidated financial statements.

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	(Unaudited) June 30, 2024	December 31, 2023	(Unaudited) June 30, 2023
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,849,159	\$ 1,533,806	\$ 1,521,940
Accounts receivable, net	321,285	267,200	329,487
Finance receivables, net of allowance of \$ 67,626, \$67,035, and \$65,541	2,472,784	2,113,729	1,979,645
Inventories, net	668,924	929,951	846,033
Restricted cash	137,486	104,642	135,618
Other current assets	188,002	214,401	201,702
Current assets	5,637,640	5,163,729	5,014,425
Finance receivables, net of allowance of \$ 325,891, \$314,931, and \$316,239	5,545,780	5,384,536	5,530,221
Property, plant and equipment, net	720,423	731,724	688,116
Pension and postretirement assets	438,805	413,107	353,004
Goodwill	62,152	62,696	62,451
Deferred income taxes	158,580	161,184	145,368
Lease assets	61,916	69,650	73,226
Other long-term assets	134,946	153,928	148,750
	<u>\$ 12,760,242</u>	<u>\$ 12,140,554</u>	<u>\$ 12,015,561</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Accounts payable	\$ 377,067	\$ 349,162	\$ 359,425
Accrued liabilities	661,167	646,859	590,685
Short-term deposits, net	206,972	253,309	216,293
Short-term debt	497,792	878,935	695,356
Current portion of long-term debt, net	2,021,344	1,255,999	604,700
Current liabilities	3,764,342	3,384,264	2,466,459
Long-term deposits, net	297,121	194,473	223,618
Long-term debt, net	4,949,871	4,990,586	5,765,246
Lease liabilities	45,355	51,848	56,110
Pension and postretirement liabilities	58,886	59,772	66,801
Deferred income taxes	33,497	33,514	31,519
Other long-term liabilities	177,854	173,802	215,952
Commitments and contingencies (Note 14)			
Shareholders' equity:			
Common stock	1,720	1,712	1,712
Additional paid-in-capital	1,775,049	1,752,435	1,722,853
Retained earnings	3,506,776	3,100,925	2,924,585
Accumulated other comprehensive loss	(337,874)	(304,962)	(356,124)
Treasury stock, at cost	(1,507,913)	(1,297,302)	(1,104,130)
Total Harley-Davidson, Inc. shareholders' equity	3,437,758	3,252,808	3,188,896
Noncontrolling interest	(4,442)	(513)	960
Total equity	3,433,316	3,252,295	3,189,856
	<u>\$ 12,760,242</u>	<u>\$ 12,140,554</u>	<u>\$ 12,015,561</u>

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED BALANCE SHEETS (continued)**  
(In thousands)

	(Unaudited) June 30, 2024	December 31, 2023	(Unaudited) June 30, 2023
Balances held by consolidated variable interest entities (Note 10):			
Finance receivables, net - current	\$ 581,314	\$ 533,262	\$ 516,423
Other assets	\$ 6,438	\$ 8,785	\$ 10,632
Finance receivables, net - non-current	\$ 2,136,611	\$ 1,934,113	\$ 2,053,605
Restricted cash - current and non-current	\$ 144,755	\$ 110,580	\$ 140,102
Current portion of long-term debt, net	\$ 656,993	\$ 577,203	\$ 583,367
Long-term debt, net	\$ 1,700,345	\$ 1,533,423	\$ 1,659,584

The accompanying notes are integral to the consolidated financial statements.

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Six months ended	
	June 30, 2024	June 30, 2023
Net cash provided by operating activities (Note 6)	\$ 577,642	\$ 410,520
Cash flows from investing activities:		
Capital expenditures	(87,835)	(86,526)
Origination of finance receivables	(2,095,952)	(2,128,983)
Collections on finance receivables	1,786,964	1,869,463
Other investing activities	(206)	850
Net cash used by investing activities	(397,029)	(345,196)
Cash flows from financing activities:		
Proceeds from issuance of medium-term notes	495,856	1,446,304
Repayments of medium-term notes	—	(1,056,680)
Proceeds from securitization debt	547,618	547,706
Repayments of securitization debt	(506,489)	(645,377)
Borrowings of asset-backed commercial paper	351,429	33,547
Repayments of asset-backed commercial paper	(125,654)	(129,961)
Net decrease in unsecured commercial paper	(379,743)	(75,229)
Net increase in deposits	56,007	122,288
Dividends paid	(47,359)	(48,193)
Repurchase of common stock	(209,675)	(169,645)
Other financing activities	8	76
Net cash provided by financing activities	181,998	24,836
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(10,821)	(490)
Net increase in cash, cash equivalents and restricted cash	\$ 351,790	\$ 89,670
Cash, cash equivalents and restricted cash:		
Cash, cash equivalents and restricted cash, beginning of period	\$ 1,648,811	\$ 1,579,177
Net increase in cash, cash equivalents and restricted cash	351,790	89,670
Cash, cash equivalents and restricted cash, end of period	\$ 2,000,601	\$ 1,668,847
Reconciliation of cash, cash equivalents and restricted cash on the Consolidated balance sheets to the Consolidated statements of cash flows:		
Cash and cash equivalents	\$ 1,849,159	\$ 1,521,940
Restricted cash	137,486	135,618
Restricted cash included in Other long-term assets	13,956	11,289
Cash, cash equivalents and restricted cash per the Consolidated statements of cash flows	\$ 2,000,601	\$ 1,668,847

The accompanying notes are integral to the consolidated financial statements.

**HARLEY-DAVIDSON, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In thousands, except share and per share amounts)  
(Unaudited)

	Equity Attributable to Harley-Davidson, Inc.								
	Common Stock		Accumulated						
	Issued Shares	Balance	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total	Equity Attributable to Noncontrolling Interests	Total Equity
Balance, December 31, 2023	171,218,640	\$ 1,712	\$ 1,752,435	\$ 3,100,925	\$ (304,962)	\$ (1,297,302)	\$ 3,252,808	\$ (513)	\$ 3,252,295
Net income (loss)	—	—	—	234,941	—	—	234,941	(2,708)	\$ 232,233
Other comprehensive loss, net of tax (Note 15)	—	—	—	—	(27,596)	—	(27,596)	—	\$ (27,596)
Dividends (\$0.1725 per share)	—	—	—	(24,385)	—	—	(24,385)	—	\$ (24,385)
Repurchase of common stock	—	—	—	—	—	(108,620)	(108,620)	—	\$ (108,620)
Share-based compensation	745,160	8	10,565	—	—	—	10,573	1,586	\$ 12,159
Balance, March 31, 2024	171,963,800	1,720	1,763,000	3,311,481	(332,558)	(1,405,922)	3,337,721	(1,635)	3,336,086
Net income (loss)	—	—	—	218,269	—	—	218,269	(2,863)	\$ 215,406
Other comprehensive loss, net of tax (Note 15)	—	—	—	—	(5,316)	—	(5,316)	—	\$ (5,316)
Dividends (\$0.1725 per share)	—	—	—	(22,974)	—	—	(22,974)	—	\$ (22,974)
Repurchase of common stock	—	—	—	—	—	(102,870)	(102,870)	—	\$ (102,870)
Share-based compensation	5,124	—	12,049	—	—	879	12,928	56	\$ 12,984
Balance, June 30, 2024	171,968,924	1,720	1,775,049	3,506,776	(337,874)	(1,507,913)	3,437,758	(4,442)	3,433,316

	Equity Attributable to Harley-Davidson, Inc.								
	Common Stock		Accumulated						
	Issued Shares	Balance	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total	Equity Attributable to Noncontrolling Interests	Total Equity
Balance, December 31, 2022	170,400,212	\$ 1,704	\$ 1,688,159	\$ 2,490,649	\$ (341,929)	\$ (935,064)	\$ 2,903,519	\$ 3,289	\$ 2,906,808
Net income (loss)	—	—	—	304,090	—	—	304,090	(2,261)	\$ 301,829
Other comprehensive loss, net of tax (Note 15)	—	—	—	—	(12,723)	—	(12,723)	—	\$ (12,723)
Dividends (\$0.1650 per share)	—	—	—	(24,123)	—	—	(24,123)	—	\$ (24,123)
Repurchase of common stock	—	—	—	—	—	(96,767)	(96,767)	—	\$ (96,767)
Share-based compensation	733,658	7	19,055	—	—	—	19,062	1,763	\$ 20,825
Balance, March 31, 2023	171,133,870	1,711	1,707,214	2,770,616	(354,652)	(1,031,831)	3,093,058	2,791	3,095,849
Net income (loss)	—	—	—	178,039	—	—	178,039	(4,209)	\$ 173,830
Other comprehensive loss, net of tax (Note 15)	—	—	—	—	(1,472)	—	(1,472)	—	\$ (1,472)
Dividends (\$0.1650 per share)	—	—	—	(24,070)	—	—	(24,070)	—	\$ (24,070)
Repurchase of common stock	—	—	—	—	—	(74,184)	(74,184)	—	\$ (74,184)
Share-based compensation	38,173	1	15,639	—	—	1,885	17,525	2,378	\$ 19,903
Balance, June 30, 2023	171,172,043	1,712	1,722,853	2,924,585	(356,124)	(1,104,130)	3,188,896	960	3,189,856

The accompanying notes are integral to the consolidated financial statements.



**HARLEY-DAVIDSON, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Basis of Presentation and Use of Estimates**

*Principles of Consolidation and Basis of Presentation* – The consolidated financial statements include the accounts of Harley-Davidson, Inc. and its subsidiaries and certain variable interest entities (VIEs) related to secured financing as the Company is the primary beneficiary. All intercompany accounts and material intercompany transactions have been eliminated. The Company has a controlling equity interest in LiveWire Group, Inc. As the controlling shareholder, the Company consolidates LiveWire Group, Inc. results with additional adjustments to recognize non-controlling shareholder interests.

The Company operates in three reportable segments: Harley-Davidson Motor Company (HDMC), LiveWire and Harley-Davidson Financial Services (HDFS).

Substantially all of the Company's international subsidiaries use their respective local currency as their functional currency. Assets and liabilities of international subsidiaries have been translated at period-end exchange rates, and revenues and expenses have been translated using average exchange rates for the period. Monetary assets and liabilities denominated in a currency that is different from an entity's functional currency are remeasured from the transactional currency to the entity's functional currency on a monthly basis. The aggregate transaction gain (loss) resulting from foreign currency remeasurements was \$(3.8) million and \$1.1 million for the three month periods ended June 30, 2024 and June 30, 2023, respectively, and \$( 6.7) million and \$4.5 million for the six month periods ended June 30, 2024 and June 30, 2023, respectively.

In the opinion of the Company's management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the *Consolidated balance sheets* as of June 30, 2024 and June 30, 2023, the *Consolidated statements of operations* for the three and six month periods then ended, the *Consolidated statements of comprehensive income* for the three and six month periods then ended, the *Consolidated statements of cash flows* for the six month periods then ended, and the *Consolidated statements of shareholders' equity* for the three month periods within the six month periods ended June 30, 2024 and June 30, 2023.

Certain information and disclosures normally included in complete financial statements have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and U.S. generally accepted accounting principles (U.S. GAAP) for interim financial reporting. The consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

*Use of Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

*Fair Value Measurements* – The Company assesses the inputs used to measure fair value using a three-tier hierarchy.

Level 1 inputs include quoted prices for identical instruments and are the most observable.

Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity prices, and yield curves. The Company uses the market approach to derive the fair value for its Level 2 fair value measurements. Foreign currency contracts, commodity contracts, and cross-currency swaps are valued using quoted forward rates and prices; interest rate caps are valued using quoted interest rates and yield curves; LiveWire warrants, including public (Level 1) and private placement (Level 2) warrants, are valued using the closing market price of the public warrants as the private placement warrants have terms and provisions that are identical to those of the public warrants.

Level 3 inputs are not observable in the market and include the Company's judgments about the assumptions market participants would use in pricing the asset or liability.

**2. New Accounting Standards**

*Accounting Standards Not Yet Adopted*

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07). ASU 2023-07 is

intended to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The main provisions of ASU 2023-07 require a public entity to disclose on an annual and interim basis: (i) significant segment expenses provided to the chief operating decision maker, (ii) an amount representing the difference between segment revenue less segment expenses disclosed under the significant segment expense principle and each reported measure of segment profit or loss and a description of its composition, (iii) all annual disclosures about a reportable segment's profit or loss and assets currently required under Topic 280 in interim periods, (iv) clarification that if the chief operating decision maker uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit, (v) the title and position of the chief operating decision maker and an explanation of how the chief operating decision maker uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (vi) all disclosures required by ASU 2023-07 and all existing segment disclosures under Topic 280 for an entity with a single reportable segment. The new guidance is effective for the fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is still evaluating the impact ASU 2023-07 will have on the Company's consolidated financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The main provisions of ASU 2023-09 require a public entity to disclose on an annual basis (i) specific prescribed categories in the income tax rate reconciliation, (ii) additional information for reconciling items that meet a quantitative threshold, (iii) the amount of income taxes paid, net of refunds received, disaggregated by federal, state, and foreign taxes, (iv) the amount of income taxes paid, net of refunds received, disaggregated by individual jurisdictions in which the amount of income taxes paid is equal to greater than 5 percent of total income taxes paid, (v) income or loss from continuing operations before income tax expense or benefit disaggregated between domestic and foreign, and (vi) income tax expense or benefit from continuing operations disaggregated by federal, state, and foreign. ASU 2023-09 also removes certain disclosure requirements related to unrecognized tax benefits and cumulative unrecognized temporary differences. The new guidance is effective for the fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is still evaluating the impact ASU 2023-09 will have on the Company's consolidated financial statement disclosures.

### **3. Revenue**

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. Revenue is measured based on the consideration that the Company expects to be entitled to in exchange for the goods or services transferred. Taxes that are collected from a customer concurrent with revenue-producing activities are excluded from revenue.

Disaggregated revenue by major source was as follows (in thousands):

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>HDMC:</b>				
Motorcycles	\$ 1,068,693	\$ 890,919	\$ 2,290,233	\$ 2,193,297
Parts and accessories	193,865	215,520	360,058	383,192
Apparel	63,393	66,356	127,504	137,747
Licensing	5,485	5,116	14,414	11,326
Other	17,470	20,225	32,803	30,403
	1,348,906	1,198,136	2,825,012	2,755,965
LiveWire	6,448	7,026	11,152	14,788
Motorcycles and related products revenue	1,355,354	1,205,162	2,836,164	2,770,753
<b>HDFS:</b>				
Interest income	222,578	196,809	433,913	379,079
Other	40,961	43,552	78,423	84,377
Financial services revenue	263,539	240,361	512,336	463,456
	\$ 1,618,893	\$ 1,445,523	\$ 3,348,500	\$ 3,234,209

The Company maintains certain contract liability balances related to payments received at contract inception in advance of the Company's performance under the contract which generally relate to the sale of memberships, loyalty points earned under membership programs and certain insurance-related contracts. Contract liabilities are recognized as revenue as the Company performs under the contract. Contract liabilities, included in *Accrued liabilities* and *Other long-term liabilities* on the *Consolidated balance sheets*, was as follows (in thousands):

	June 30, 2024	June 30, 2023
Balance, beginning of period	\$ 47,091	\$ 44,100
Balance, end of period	\$ 52,717	\$ 43,191

Previously recorded contract liabilities recognized as revenue in the three months ended June 30, 2024 and June 30, 2023 were \$ 7.6 million and \$6.5 million, respectively, and \$14.9 million and \$13.4 million in the six months ended June 30, 2024 and June 30, 2023, respectively. The Company expects to recognize approximately \$22.7 million of the remaining unearned revenue over the next 12 months and \$30.0 million thereafter.

#### 4. Income Taxes

The Company's effective income tax rate for the six months ended June 30, 2024 was 19.3% compared to 23.8% for the six months ended June 30, 2023. The decrease in the effective tax rate for the six months ended June 30, 2024 was attributable to changes in the mix of earnings for foreign jurisdictions that are taxed at rates that differ from the U.S. statutory rate.

## 5. Earnings Per Share

The computation of basic and diluted earnings per share was as follows (in thousands, except per share amounts):

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net income attributable to Harley-Davidson, Inc.	\$ 218,269	\$ 178,039	\$ 453,210	\$ 482,129
Basic weighted-average shares outstanding	133,412	143,414	134,759	144,724
Effect of dilutive securities – employee stock compensation plan	697	2,373	754	2,627
Diluted weighted-average shares outstanding	134,109	145,787	135,513	147,351
Net earnings per share:				
Basic	\$ 1.64	\$ 1.24	\$ 3.36	\$ 3.33
Diluted	\$ 1.63	\$ 1.22	\$ 3.34	\$ 3.27

Shares of common stock related to share-based compensation that were not included in the effect of dilutive securities because the effect would have been anti-dilutive include 0.5 million and 1.3 million shares for the three months ended June 30, 2024 and June 30, 2023, respectively, and 1.1 million and 1.3 million shares for the six months ended June 30, 2024 and June 30, 2023, respectively.

## 6. Additional Balance Sheet and Cash Flow Information

*Investments in Marketable Securities* – The Company's investments in marketable securities consisted of the following (in thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Mutual funds	\$ 34,392	\$ 34,079	\$ 35,175

Mutual funds, included in *Other long-term assets* on the *Consolidated balance sheets*, are carried at fair value with gains and losses recorded in income. Mutual funds are held to support certain deferred compensation obligations.

*Inventories, net* – Substantially all inventories located in the U.S. are valued using the last-in, first-out (LIFO) method. Other inventories are valued at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. Motorcycle finished goods inventories include motorcycles that are ready for sale and motorcycles that are substantially complete but awaiting installation of certain components.

*Inventories, net* consisted of the following (in thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials and work in process	\$ 297,580	\$ 389,221	\$ 406,560
Motorcycle finished goods	368,692	514,964	391,528
Parts and accessories and apparel	133,477	150,844	171,367
Inventory at lower of FIFO cost or net realizable value	799,749	1,055,029	969,455
Excess of FIFO over LIFO cost	(130,825)	(125,078)	(123,422)
	\$ 668,924	\$ 929,951	\$ 846,033

*Deposits* – HDFs offers brokered certificates of deposit to customers indirectly through contractual arrangements with third-party banks and/or securities brokerage firms through its bank subsidiary. The Company had \$504.1 million, \$447.8 million, and \$439.9 million, net of fees, of interest-bearing brokered certificates of deposit outstanding as of June 30, 2024, December 31, 2023, and June 30, 2023, respectively. The liabilities for deposits are included in *Short-term deposits, net* or *Long-term deposits, net* on the *Consolidated balance sheets* based upon the term of each brokered certificate of deposit issued. Each separate brokered certificate of deposit is issued under a master certificate, and as such, all outstanding brokered certificates of deposit are considered below the Federal Deposit Insurance Corporation insurance coverage limits.

Future maturities of the Company's certificates of deposit as of June 30, 2024 were as follows (in thousands):

2024	\$	85,312
2025		133,492
2026		187,779
2027		98,578
Thereafter		—
Future maturities		505,161
Unamortized fees		(1,068)
	\$	504,093

Operating Cash Flow – The reconciliation of Net income to Net cash provided by operating activities was as follows (in thousands):

	Six months ended	
	June 30, 2024	June 30, 2023
Cash flows from operating activities:		
Net income	\$ 447,639	\$ 475,659
Adjustments to reconcile Net income to Net cash provided by operating activities:		
Depreciation and amortization	80,376	72,225
Amortization of deferred loan origination costs	36,466	44,393
Amortization of financing origination fees	6,793	6,508
Provision for long-term employee benefits	(26,143)	(33,656)
Employee benefit plan contributions and payments	(2,593)	(2,882)
Stock compensation expense	28,995	44,413
Net change in wholesale finance receivables related to sales	(388,030)	(267,942)
Provision for credit losses	117,040	109,642
Deferred income taxes	146	(4,251)
Other, net	14,965	(31,160)
Changes in current assets and liabilities:		
Accounts receivable, net	(65,927)	(79,531)
Finance receivables – accrued interest and other	2,759	3,189
Inventories, net	235,539	94,636
Accounts payable and accrued liabilities	64,166	(16,047)
Other current assets	25,451	(4,676)
	130,003	(65,139)
Net cash provided by operating activities	\$ 577,642	\$ 410,520

## 7. Finance Receivables

Finance receivables include both retail and wholesale finance receivables, including amounts held by consolidated VIEs. Finance receivables are recorded in the financial statements at amortized cost net of an allowance for credit losses.

The Company provides retail financial services to customers of its dealers in the U.S. and Canada. The origination of retail loans is a separate and distinct transaction between the Company and the retail customer, unrelated to the Company's sale of product to its dealers. Retail finance receivables consist of secured promissory notes and secured installment sales contracts and are primarily related to dealer sales of motorcycles to retail customers. The Company holds either titles or liens on titles to vehicles financed by promissory notes and installment sales contracts.

The Company offers wholesale financing to its dealers in the U.S. and Canada. Wholesale finance receivables are related primarily to the Company's sale of motorcycles, related parts and accessories and apparel to dealers. Wholesale loans to dealers are generally secured by financed inventory or property.

Finance receivables, net were as follows (in thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Retail finance receivables	\$ 6,993,930	\$ 6,818,699	\$ 6,955,514
Wholesale finance receivables	1,418,151	1,061,532	936,132
	8,412,081	7,880,231	7,891,646
Allowance for credit losses	(393,517)	(381,966)	(381,780)
	\$ 8,018,564	\$ 7,498,265	\$ 7,509,866

The Company's finance receivables are reported at amortized cost, net of the allowance for credit losses. Amortized cost includes the principal outstanding, accrued interest, and deferred loan fees and costs. The Company's allowance for credit losses reflects expected lifetime credit losses on its finance receivables. Based on differences in the nature of the finance receivables and the underlying methodology for calculating the allowance for credit losses, the Company segments its finance receivables into the retail and wholesale portfolios. The Company further disaggregates each portfolio by credit quality indicators. As the credit risk varies between the retail and wholesale portfolios, the Company utilizes different credit quality indicators for each portfolio.

The retail portfolio primarily consists of a large number of small balance, homogeneous finance receivables. The Company performs a collective evaluation of the adequacy of the retail allowance for credit losses. The Company utilizes a vintage-based loss forecast methodology that includes decompositions for probability of default, exposure at default, attrition rate, and recovery balance rate. Reasonable and supportable economic forecasts for a two-year period are incorporated into the methodology to reflect the estimated impact of changes in future economic conditions, such as unemployment rates, household obligations or other relevant factors, over the two-year reasonable and supportable period. For periods beyond the Company's reasonable and supportable forecasts, the Company reverts to its average historical loss experience using a mean-reversion process over a three-year period. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, or term as well as other relevant factors.

The wholesale portfolio is primarily composed of large balance, non-homogeneous loans. The Company's evaluation for the wholesale allowance for credit losses is first based on a loan-by-loan review to determine whether the loans share similar risk characteristics. The Company individually evaluates loans that do not share risk characteristics. Loans identified as those for which foreclosure is probable are classified as Non-Performing, and a specific allowance for credit losses is established when appropriate. The specific allowance is determined based on the amortized cost of the related finance receivable and the estimated fair value of the collateral, less selling costs and the cash that the Company expects to receive. Finance receivables in the wholesale portfolio not individually assessed are aggregated, based on similar risk characteristics, according to the Company's internal risk rating system and measured collectively. The related allowance for credit losses is based on factors such as the specific borrower's financial performance and ability to repay, the Company's past credit loss experience, reasonable and supportable economic forecasts, and the value of the underlying collateral and expected recoveries.

The Company considers various third-party economic forecast scenarios as part of estimating the allowance for expected credit losses and applies a probability-weighting to those economic forecast scenarios. Each quarter, the Company's outlook on economic conditions impacts the Company's retail and wholesale estimates for expected credit losses. At the end of the second quarter of 2024, the Company's probability weighting of its economic forecast scenarios was weighted towards more pessimistic scenarios given continued challenging macro-economic conditions including a persistently high interest rate environment, ongoing elevated inflation levels and muted consumer confidence.

Additionally, the historical experience incorporated into the portfolio-specific models does not fully reflect the Company's comprehensive expectations regarding the future. As such, the Company incorporated qualitative factors to establish an appropriate allowance for credit losses balance. These factors include motorcycle recovery value considerations, delinquency adjustments, specific problem loan trends, and changes in other portfolio-specific loan characteristics. During the first half of 2024, the Company experienced increased retail credit losses driven by several factors connected to the macro-economic environment and related customer and industry dynamics, including the impact of higher motorcycle payments and general inflationary pressures on customers. Additionally, the Company experienced downward pressure on recovery values at auction during the first half of 2024.

Due to the use of projections and assumptions in estimating the losses, the amount of losses incurred by the Company in either portfolio could differ from the amounts estimated. Further, the Company's allowance for credit losses incorporates known conditions at the balance sheet date and the Company's expectations surrounding the economic forecasts. The

Company will continue to monitor future economic trends and conditions. Expectations surrounding the Company's economic forecasts may change in future periods as additional information becomes available.

Changes in the Company's allowance for credit losses on its finance receivables by portfolio were as follows (in thousands):

	Three months ended June 30, 2024			Six months ended June 30, 2024		
	Retail	Wholesale	Total	Retail	Wholesale	Total
Balance, beginning of period	\$ 365,411	\$ 14,950	\$ 380,361	\$ 367,037	\$ 14,929	\$ 381,966
Provision for credit losses	55,289	741	56,030	116,278	762	117,040
Charge-offs	(60,712)	—	(60,712)	(142,080)	—	(142,080)
Recoveries	17,838	—	17,838	36,591	—	36,591
Balance, end of period	\$ 377,826	\$ 15,691	\$ 393,517	\$ 377,826	\$ 15,691	\$ 393,517

  

	Three months ended June 30, 2023			Six months ended June 30, 2023		
	Retail	Wholesale	Total	Retail	Wholesale	Total
Balance, beginning of period	\$ 343,600	\$ 14,831	\$ 358,431	\$ 345,275	\$ 13,436	\$ 358,711
Provision for credit losses	57,248	30	57,278	108,217	1,425	109,642
Charge-offs	(50,437)	—	(50,437)	(118,445)	—	(118,445)
Recoveries	16,508	—	16,508	31,872	—	31,872
Balance, end of period	\$ 366,919	\$ 14,861	\$ 381,780	\$ 366,919	\$ 14,861	\$ 381,780

The Company manages retail credit risk through its credit approval process and ongoing collection efforts. The Company uses FICO scores, a standard credit rating measurement, to differentiate the expected default rates of retail credit applicants, enabling the Company to better evaluate credit applicants for approval and to tailor pricing according to this assessment. For the Company's U.S. and Canadian retail finance receivables, the Company determines the credit quality indicator for each loan at origination and does not update the credit quality indicator subsequent to the loan origination date.

As loan performance by credit quality indicator differs between the U.S. and Canadian retail loans, the Company's credit quality indicators vary for the two portfolios. For U.S. retail finance receivables, those with a FICO score of 740 or above at origination are generally considered super prime, loans with a FICO score between 640 and 740 are generally categorized as prime, and loans with FICO score below 640 are generally considered sub-prime. For Canadian retail finance receivables, those with a FICO score of 700 or above at origination are generally considered super prime, loans with a FICO score between 620 and 700 are generally categorized as prime, and loans with FICO score below 620 are generally considered sub-prime.

The amortized cost along with period gross charge-offs of the Company's U.S. and Canadian retail finance receivables by vintage and credit quality indicator was as follows (in thousands):

June 30, 2024							
	2024	2023	2022	2021	2020	2019 & Prior	Total
U.S. Retail:							
Super prime	\$ 684,675	\$ 858,653	\$ 575,749	\$ 282,472	\$ 103,657	\$ 53,898	\$ 2,559,104
Prime	682,513	988,918	810,245	462,594	194,018	136,465	3,274,753
Sub-prime	207,576	275,532	222,858	150,961	78,021	72,736	1,007,684
	1,574,764	2,123,103	1,608,852	896,027	375,696	263,099	6,841,541
Canadian Retail:							
Super prime	25,927	38,107	23,842	12,492	5,744	2,558	108,670
Prime	6,535	11,106	8,880	5,513	3,232	2,680	37,946
Sub-prime	1,282	1,593	1,213	537	643	505	5,773
	33,744	50,806	33,935	18,542	9,619	5,743	152,389
	\$ 1,608,508	\$ 2,173,909	\$ 1,642,787	\$ 914,569	\$ 385,315	\$ 268,842	\$ 6,993,930
Gross charge-offs for the six months ended June 30, 2024:							
U.S. Retail	\$ 615	\$ 42,843	\$ 48,949	\$ 26,374	\$ 11,088	\$ 9,932	\$ 139,801
Canadian Retail	—	740	704	398	187	250	2,279
	\$ 615	\$ 43,583	\$ 49,653	\$ 26,772	\$ 11,275	\$ 10,182	\$ 142,080

  

December 31, 2023							
	2023	2022	2021	2020	2019	2018 & Prior	Total
U.S. Retail:							
Super prime	\$ 1,066,321	\$ 729,339	\$ 376,474	\$ 151,004	\$ 70,627	\$ 27,013	\$ 2,420,778
Prime	1,173,463	993,417	584,305	259,995	139,011	78,880	3,229,071
Sub-prime	333,099	275,964	189,688	101,437	63,393	44,568	1,008,149
	2,572,883	1,998,720	1,150,467	512,436	273,031	150,461	6,657,998
Canadian Retail:							
Super prime	48,705	31,733	17,744	9,241	4,521	1,524	113,468
Prime	13,764	11,434	7,336	4,390	2,728	1,838	41,490
Sub-prime	1,846	1,546	739	817	525	270	5,743
	64,315	44,713	25,819	14,448	7,774	3,632	160,701
	\$ 2,637,198	\$ 2,043,433	\$ 1,176,286	\$ 526,884	\$ 280,805	\$ 154,093	\$ 6,818,699
Gross charge-offs for the year ended December 31, 2023:							
U.S. Retail	\$ 20,047	\$ 102,387	\$ 74,212	\$ 30,896	\$ 18,088	\$ 14,655	\$ 260,285
Canadian Retail	527	1,004	866	472	278	483	3,630
	\$ 20,574	\$ 103,391	\$ 75,078	\$ 31,368	\$ 18,366	\$ 15,138	\$ 263,915



June 30, 2023							
	2023	2022	2021	2020	2019	2018 & Prior	Total
U.S. Retail:							
Super prime	\$ 653,241	\$ 900,693	\$ 483,064	\$ 204,865	\$ 108,690	\$ 52,889	\$ 2,403,442
Prime	744,143	1,197,541	719,455	334,005	192,671	132,899	3,320,714
Sub-prime	203,996	341,127	236,686	128,806	83,042	69,723	1,063,380
	<u>1,601,380</u>	<u>2,439,361</u>	<u>1,439,205</u>	<u>667,676</u>	<u>384,403</u>	<u>255,511</u>	<u>6,787,536</u>
Canadian Retail:							
Super prime	29,516	39,496	23,265	13,012	7,952	3,296	116,537
Prime	9,836	13,856	8,895	5,755	3,733	3,063	45,138
Sub-prime	1,287	1,868	1,021	994	666	467	6,303
	<u>40,639</u>	<u>55,220</u>	<u>33,181</u>	<u>19,761</u>	<u>12,351</u>	<u>6,826</u>	<u>167,978</u>
	<u>\$ 1,642,019</u>	<u>\$ 2,494,581</u>	<u>\$ 1,472,386</u>	<u>\$ 687,437</u>	<u>\$ 396,754</u>	<u>\$ 262,337</u>	<u>\$ 6,955,514</u>
Gross charge-offs for the six months ended June 30, 2023:							
U.S. Retail	\$ 738	\$ 44,340	\$ 37,534	\$ 16,365	\$ 9,518	\$ 8,354	\$ 116,849
Canadian Retail	—	492	421	205	128	350	1,596
	<u>\$ 738</u>	<u>\$ 44,832</u>	<u>\$ 37,955</u>	<u>\$ 16,570</u>	<u>\$ 9,646</u>	<u>\$ 8,704</u>	<u>\$ 118,445</u>

The Company's credit risk on the wholesale portfolio is different from that of the retail portfolio. Whereas the retail portfolio represents a relatively homogeneous pool of retail finance receivables that exhibit more consistent loss patterns, the wholesale portfolio exposures are less consistent. The Company utilizes an internal credit risk rating system to manage credit risk exposure consistently across wholesale borrowers and individually evaluates credit risk factors for each borrower. The Company uses the following internal credit quality indicators, based on an internal risk rating system, listed from highest level of risk to lowest level of risk for the wholesale portfolio: Doubtful, Substandard, Special Mention, Medium Risk and Low Risk. Based upon the Company's review, the dealers classified in the Doubtful category are the dealers with the greatest likelihood of being charged-off, while the dealers classified as Low Risk are least likely to be charged-off. Additionally, the Company classifies dealers identified as those in which foreclosure is probable as Non-Performing. The internal rating system considers factors such as the specific borrower's ability to repay and the estimated value of any collateral. Dealer risk rating classifications are reviewed and updated by the Company on a quarterly basis.

The amortized cost of the Company's wholesale finance receivables, by vintage and credit quality indicator, was as follows (in thousands):

June 30, 2024							
	2024	2023	2022	2021	2020	2019 & Prior	Total
Non-Performing	\$ 2,738	\$ 2,672	\$ 145	\$ —	\$ —	\$ 5	\$ 5,560
Doubtful	5,105	4,661	144	—	—	9	9,919
Substandard	11,038	4,943	98	—	—	—	16,079
Special Mention	2,934	986	96	—	—	211	4,227
Medium Risk	—	—	—	—	—	—	—
Low Risk	1,088,176	236,891	41,749	3,877	3,716	7,957	1,382,366
	<u>\$ 1,109,991</u>	<u>\$ 250,153</u>	<u>\$ 42,232</u>	<u>\$ 3,877</u>	<u>\$ 3,716</u>	<u>\$ 8,182</u>	<u>\$ 1,418,151</u>

December 31, 2023							
	2023	2022	2021	2020	2019	2018 & Prior	Total
Non-Performing	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Doubtful	—	—	—	—	—	—	—
Substandard	10,934	258	—	—	5	—	11,197
Special Mention	641	30	—	—	—	—	671
Medium Risk	2,905	—	—	—	—	—	2,905
Low Risk	961,519	66,757	5,107	4,962	7,786	628	1,046,759
	<u>\$ 975,999</u>	<u>\$ 67,045</u>	<u>\$ 5,107</u>	<u>\$ 4,962</u>	<u>\$ 7,791</u>	<u>\$ 628</u>	<u>\$ 1,061,532</u>

June 30, 2023							
	2023	2022	2021	2020	2019	2018 & Prior	Total
Non-Performing	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Doubtful	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—
Medium Risk	—	—	—	—	—	—	—
Low Risk	746,491	165,620	7,060	5,779	8,665	2,517	936,132
	<u>\$ 746,491</u>	<u>\$ 165,620</u>	<u>\$ 7,060</u>	<u>\$ 5,779</u>	<u>\$ 8,665</u>	<u>\$ 2,517</u>	<u>\$ 936,132</u>

Retail finance receivables are contractually delinquent if the minimum payment is not received by the specified due date. Retail finance receivables at amortized cost, excluding accrued interest, are generally charged-off when the receivable is 120 days or more delinquent, the related asset is repossessed, or the receivable is otherwise deemed uncollectible. The Company reverses accrued interest related to charged-off accounts against Financial Services interest income when the account is charged-off. The Company reversed \$7.6 million and \$6.2 million of accrued interest against Financial Services interest income during the three months ended June 30, 2024 and June 30, 2023, respectively, and \$17.1 million and \$13.4 million during the six months ended June 30, 2024 and June 30, 2023, respectively. All retail finance receivables accrue interest until either collected or charged-off. Due to the timely write-off of accrued interest, the Company made the election provided under *Accounting Standards Codification (ASC) Topic 326, Financial Instruments - Credit Losses* to exclude accrued interest from its allowance for credit losses. Accordingly, as of June 30, 2024, December 31, 2023, and June 30, 2023, all retail finance receivables were accounted for as interest-earning receivables.

Wholesale finance receivables are delinquent if the minimum payment is not received by the contractual due date. Wholesale finance receivables are written down once the Company determines that the specific borrower does not have the ability to repay the loan in full. Interest continues to accrue on past due finance receivables until the date the Company determines that foreclosure is probable, and the finance receivable is placed on non-accrual status. The Company will resume accruing interest on these accounts when payments are current according to the terms of the loans and future payments are reasonably assured. While on non-accrual status, all cash received is applied to principal or interest as appropriate. Once an account is charged-off, the Company will reverse the associated accrued interest against interest income. As the Company

follows a non-accrual policy for interest, the allowance for credit losses excludes accrued interest for the wholesale portfolio. There were no charged-off accounts during the three and six months ended June 30, 2024 or June 30, 2023. As such, the Company did not reverse any wholesale accrued interest in those periods. During the three month period ended June 30, 2024, \$5.6 million of wholesale finance receivables related to two dealers were classified as non-accrual. There were no dealer s on non-accrual status at December 31, 2023 or June 30, 2023.

The aging analysis of the Company's finance receivables was as follows (in thousands):

June 30, 2024						
	Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Total
Retail finance receivables	\$ 6,753,883	\$ 148,590	\$ 49,790	\$ 41,667	\$ 240,047	\$ 6,993,930
Wholesale finance receivables	1,417,053	715	219	164	1,098	1,418,151
	<u>\$ 8,170,936</u>	<u>\$ 149,305</u>	<u>\$ 50,009</u>	<u>\$ 41,831</u>	<u>\$ 241,145</u>	<u>\$ 8,412,081</u>
December 31, 2023						
	Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Total
Retail finance receivables	\$ 6,516,342	\$ 168,027	\$ 67,033	\$ 67,297	\$ 302,357	\$ 6,818,699
Wholesale finance receivables	1,060,561	763	25	183	971	1,061,532
	<u>\$ 7,576,903</u>	<u>\$ 168,790</u>	<u>\$ 67,058</u>	<u>\$ 67,480</u>	<u>\$ 303,328</u>	<u>\$ 7,880,231</u>
June 30, 2023						
	Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Total
Retail finance receivables	\$ 6,730,985	\$ 134,418	\$ 47,207	\$ 42,904	\$ 224,529	\$ 6,955,514
Wholesale finance receivables	934,562	1,543	26	1	1,570	936,132
	<u>\$ 7,665,547</u>	<u>\$ 135,961</u>	<u>\$ 47,233</u>	<u>\$ 42,905</u>	<u>\$ 226,099</u>	<u>\$ 7,891,646</u>

Generally, it is the Company's policy not to change the terms and conditions of finance receivables. However, to minimize economic loss, the Company may modify certain finance receivables as troubled loan modifications. Total finance receivables subject to troubled loan modifications were not significant as of June 30, 2024, December 31, 2023, and June 30, 2023. In accordance with its policies, in certain situations, the Company may offer short-term adjustments to customer payment due dates without affecting the associated interest rate or loan term.

#### 8. Derivative Financial Instruments and Hedging Activities

The Company is exposed to risks from fluctuations in foreign currency exchange rates, interest rates and commodity prices. To reduce its exposure to such risks, the Company selectively uses derivative financial instruments. All derivative transactions are authorized and executed pursuant to regularly reviewed policies and procedures which prohibit the use of financial instruments for speculative trading purposes.

The Company sells products in foreign currencies and utilizes foreign currency exchange contracts to mitigate the effects of foreign currency exchange rate fluctuations related to the Euro, Australian dollar, Japanese yen, Canadian dollar, and Mexican peso. The Company's foreign currency exchange contracts generally have maturities of less than one year.

The Company utilizes commodity contracts to mitigate the effects of commodity price fluctuations related to metals and fuel consumed in its motorcycle operations. The Company's commodity contracts generally have maturities of less than one year.

The Company periodically utilizes treasury rate and swap rate lock contracts to fix the interest rate on a portion of the principal related to an anticipated issuance of long-term debt and cross-currency swaps to mitigate the effect of foreign currency exchange rate fluctuations on its foreign currency-denominated debt. The Company also utilizes interest rate caps to facilitate certain asset-backed securitization transactions.

All derivative financial instruments are recognized on the *Consolidated balance sheets* at fair value. In accordance with *ASC Topic 815, Derivatives and Hedging* (ASC Topic 815), the accounting for changes in the fair value of a derivative financial

instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship.

Changes in the fair value of derivative financial instruments that are designated as cash flow hedges are initially recorded in *Other comprehensive (loss) income* (OCI) and subsequently reclassified into income when the hedged item affects income. Refer to *Note 15 of the Notes to Consolidated financial statements* for more detail on derivatives activity included in accumulated other comprehensive income. The Company assesses, both at the inception of each hedge and on an ongoing basis, whether the derivative financial instruments that are designated as cash flow hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. No component of a designated hedging derivative financial instrument's gain or loss is excluded from the assessment of hedge effectiveness. Derivative financial instruments not designated as hedges are not speculative and are used to manage the Company's exposure to foreign currency, commodity risks and interest rate risks. Changes in the fair value of derivative financial instruments not designated as hedging instruments are recorded directly in income. Cash flow activity associated with the Company's derivative financial instruments is recorded in *Cash flows from operating activities* on the *Consolidated statement of cash flows*. Derivative assets and liabilities are reported in *Other current assets* and *Accrued liabilities* on the *Consolidated balance sheets*, respectively, other than long-term balances noted below.

The notional and fair values of the Company's derivative financial instruments under ASC Topic 815 were as follows (in thousands):

Derivative Financial Instruments Designated as Cash Flow Hedging Instruments									
June 30, 2024			December 31, 2023			June 30, 2023			
	Notional Value	Assets	Liabilities <sup>(a)</sup>	Notional Value	Assets <sup>(b)</sup>	Liabilities <sup>(a)</sup>	Notional Value	Assets <sup>(b)</sup>	Liabilities <sup>(a)</sup>
Foreign currency contracts	\$ 451,331	\$ 8,789	\$ 1,069	\$ 540,088	\$ 3,529	\$ 9,194	\$ 484,914	\$ 6,612	\$ 8,324
Commodity contracts	698	18	20	642	—	134	875	—	127
Cross- currency swaps	1,420,560	—	33,206	1,420,560	15,080	3,160	1,420,560	5,539	20,104
	<u>\$ 1,872,589</u>	<u>\$ 8,807</u>	<u>\$ 34,295</u>	<u>\$ 1,961,290</u>	<u>\$ 18,609</u>	<u>\$ 12,488</u>	<u>\$ 1,906,349</u>	<u>\$ 12,151</u>	<u>\$ 28,555</u>
Derivative Financial Instruments Not Designated as Hedging Instruments									
June 30, 2024			December 31, 2023			June 30, 2023			
	Notional Value	Assets <sup>(c)</sup>	Liabilities	Notional Value	Assets <sup>(c)</sup>	Liabilities	Notional Value	Assets <sup>(c)</sup>	Liabilities
Commodity contracts	\$ 3,750	\$ 9	\$ 160	\$ 5,637	\$ —	\$ 318	\$ 9,453	\$ 7	\$ 795
Interest rate caps	430,005	260	—	617,859	464	—	823,912	2,666	—
	<u>\$ 433,755</u>	<u>\$ 269</u>	<u>\$ 160</u>	<u>\$ 623,496</u>	<u>\$ 464</u>	<u>\$ 318</u>	<u>\$ 833,365</u>	<u>\$ 2,673</u>	<u>\$ 795</u>

(a) Includes \$5.3 million and \$20.1 million of cross-currency swaps recorded in *Other long-term liabilities* as of June 30, 2024 and June 30, 2023, respectively, with all remaining amounts recorded in *Accrued liabilities*.

(b) Includes \$15.1 million and \$5.5 million of cross-currency swaps recorded in *Other long-term assets* as of December 31, 2023 and June 30, 2023 with all remaining amounts recorded in *Other current assets*.

(c) Includes \$0.3 million, \$0.5 million, and \$2.7 million of interest rate caps recorded in *Other long-term assets* as of June 30, 2024, December 31, 2023, and June 30, 2023 respectively, with all remaining amounts recorded in *Other current assets*.

The amounts of gains and losses related to the Company's derivative financial instruments designated as cash flow hedges were as follows (in thousands):

	Gain/(Loss) Recognized in OCI				Gain/(Loss) Reclassified from AOCL into Income			
	Three months ended		Six months ended		Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Foreign currency contracts	\$ 6,875	\$ 5,671	\$ 22,781	\$ 3,965	\$ 3,447	\$ (2,067)	\$ 6,969	\$ 4,223
Commodity contracts	(10)	(107)	(113)	(416)	(93)	(320)	(244)	(699)
Cross-currency swaps	(6,682)	20,130	(45,126)	21,546	(10,413)	3,220	(42,146)	24,845
Treasury rate lock contracts	(4,293)	—	(4,293)	1,139	(41)	(203)	(37)	(269)
Swap rate lock contracts	—	—	—	(1,780)	(148)	73	(296)	68
	<u>\$ (4,110)</u>	<u>\$ 25,694</u>	<u>\$ (26,751)</u>	<u>\$ 24,454</u>	<u>\$ (7,248)</u>	<u>\$ 703</u>	<u>\$ (35,754)</u>	<u>\$ 28,168</u>

The location and amount of gains and losses recognized in income related to the Company's derivative financial instruments designated as cash flow hedges were as follows (in thousands):

	Motorcycles and related products cost of goods sold	Selling, administrative & engineering expense	Interest expense	Financial services interest expense
	Three months ended June 30, 2024			
Line item on the <i>Consolidated statements of operations</i> in which the effects of cash flow hedges are recorded	\$ 924,012	\$ 304,008	\$ 7,680	\$ 93,741
Gain/(loss) reclassified from AOCL into income:				
Foreign currency contracts	3,447	—	—	—
Commodity contracts	(93)	—	—	—
Cross-currency swaps	—	(10,413)	—	—
Treasury rate lock contracts	—	—	(91)	50
Swap rate lock contracts	—	—	—	(148)
	Three months ended June 30, 2023			
Line item on the <i>Consolidated statements of operations</i> in which the effects of cash flow hedges are recorded	\$ 790,628	\$ 290,274	\$ 7,696	\$ 86,005
Gain/(loss) reclassified from AOCL into income:				
Foreign currency contracts	(2,067)	—	—	—
Commodity contracts	(320)	—	—	—
Cross-currency swaps	—	3,220	—	—
Treasury rate lock contracts	—	—	(90)	(113)
Swap rate lock contracts	—	—	—	73

	Motorcycles and related products cost of goods sold	Selling, administrative & engineering expense	Interest expense	Financial services inter expense
Six months ended June 30, 2024				
Line item on the <i>Consolidated statements of operations</i> in which the effects of cash flow hedges are recorded	\$ 1,947,693	\$ 597,105	\$ 15,359	\$ 182,4
Gain/(loss) reclassified from AOCL into income:				
Foreign currency contracts	6,969	—	—	
Commodity contracts	(244)	—	—	
Cross-currency swaps	—	(42,146)	—	
Treasury rate lock contracts	—	—	(182)	1
Swap rate lock contracts	—	—	—	(2)
Six months ended June 30, 2023				
Line item on the <i>Consolidated statements of operations</i> in which the effects of cash flow hedges are recorded	\$ 1,797,929	\$ 576,137	\$ 15,416	\$ 159,5
Gain/(loss) reclassified from AOCL into income:				
Foreign currency contracts	4,223	—	—	
Commodity contracts	(699)	—	—	
Cross-currency swaps	—	24,845	—	
Treasury rate lock contracts	—	—	(181)	(
Swap rate lock contracts	—	—	—	

The amount of net loss included in *Accumulated other comprehensive loss* (AOCL) at June 30, 2024, estimated to be reclassified into income over the next 12 months was \$ 29.6 million.

The amount of gains and losses recognized in income related to derivative financial instruments not designated as hedging instruments were as follows (in thousands). Gains and losses on foreign currency contracts and commodity contracts were recorded in *Motorcycles and related products cost of goods sold*. Gains and losses on interest rate caps were recorded in *Selling, administrative & engineering expense*.

	Amount of Gain/(Loss) Recognized in Income			
	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Foreign currency contracts	\$ 779	\$ (310)	\$ 2,694	\$ (937)
Commodity contracts	(184)	(1,278)	(193)	(1,377)
Interest rate caps	(68)	1,252	(205)	294
	\$ 527	\$ (336)	\$ 2,296	\$ (2,020)

The Company is exposed to credit loss risk in the event of non-performance by counterparties to its derivative financial instruments. Although no assurances can be given, the Company does not expect any of the counterparties to its derivative financial instruments to fail to meet their obligations. To manage credit loss risk, the Company evaluates counterparties based on credit ratings and, on a quarterly basis, evaluates each hedge's net position relative to the counterparty's ability to cover their position.

## 9. Debt

Debt with a contractual term less than 12 months is generally classified as short-term and consisted of the following (in thousands):

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured commercial paper	\$ 497,792	\$ 878,935	\$ 695,356

Debt with a contractual term greater than 12 months is generally classified as long-term and consisted of the following (in thousands):

		June 30, 2024	December 31, 2023	June 30, 2023
<b>Secured debt:</b>				
Asset-backed Canadian commercial paper conduit facility		\$ 91,379	\$ 70,742	\$ 84,269
Asset-backed U.S. commercial paper conduit facility		435,930	233,258	318,406
Asset-backed securitization debt		1,928,141	1,884,629	1,932,779
Unamortized discounts and debt issuance costs		(6,733)	(7,261)	(8,234)
		<u>2,448,717</u>	<u>2,181,368</u>	<u>2,327,220</u>
<b>Unsecured notes (at par value):</b>				
<b>Medium-term notes:</b>				
Due in 2024, issued November 2019 <sup>(a)</sup>	3.14 %	642,786	662,238	653,484
Due in 2025, issued June 2020	3.35 %	700,000	700,000	700,000
Due in 2026, issued April 2023 <sup>(b)</sup>	6.36 %	749,917	772,610	762,398
Due in 2027, issued February 2022	3.05 %	500,000	500,000	500,000
Due in 2028, issued March 2023	6.50 %	700,000	700,000	700,000
Due in 2029, issued June 2024	5.95 %	500,000	—	—
Unamortized discounts and debt issuance costs		(16,643)	(15,710)	(18,878)
		<u>3,776,060</u>	<u>3,319,138</u>	<u>3,297,004</u>
<b>Senior notes:</b>				
Due in 2025, issued July 2015	3.50 %	450,000	450,000	450,000
Due in 2045, issued July 2015	4.625 %	300,000	300,000	300,000
Unamortized discounts and debt issuance costs		(3,562)	(3,921)	(4,278)
		<u>746,438</u>	<u>746,079</u>	<u>745,722</u>
		<u>4,522,498</u>	<u>4,065,217</u>	<u>4,042,726</u>
Long-term debt		6,971,215	6,246,585	6,369,946
Current portion of long-term debt, net		(2,021,344)	(1,255,999)	(604,700)
Long-term debt, net		<u>\$ 4,949,871</u>	<u>\$ 4,990,586</u>	<u>\$ 5,765,246</u>

(a) €600.0 million par value remeasured to U.S. dollar at June 30, 2024, December 31, 2023, and June 30, 2023, respectively

(b) €700.0 million par value remeasured to U.S. dollar at June 30, 2024, December 31, 2023, and June 30, 2023, respectively

Future principal payments of the Company's debt obligations as of June 30, 2024 were as follows (in thousands):

2024	\$	1,549,180
2025		1,822,509
2026		1,431,918
2027		985,174
2028		906,942
Thereafter		800,222
Future principal payments		7,495,945
Unamortized discounts and debt issuance costs		(26,938)
	\$	7,469,007

#### 10. Asset-Backed Financing

The Company participates in asset-backed financing both through asset-backed securitization transactions and through asset-backed commercial paper conduit facilities. In the Company's asset-backed financing programs, the Company transfers retail motorcycle finance receivables to special purpose entities (SPEs), which are considered VIEs under U.S. GAAP. Each SPE then converts those assets into cash through the issuance of debt. The Company retains servicing rights for all of the retail motorcycle finance receivables transferred to SPEs as part of an asset-backed financing. The accounting treatment for asset-backed financings depends on the terms of the related transaction and the Company's continuing involvement with the VIE.

In transactions where the Company has power over the significant activities of the VIE and has an obligation to absorb losses or the right to receive benefits from the VIE that are potentially significant to the VIE, the Company is the primary beneficiary of the VIE and consolidates the VIE within its consolidated financial statements. On a consolidated basis, the asset-backed financing is treated as a secured borrowing in this type of transaction and is referred to as an on-balance sheet asset-backed financing.

In transactions where the Company is not the primary beneficiary of the VIE, the Company must determine whether it can achieve a sale for accounting purposes under *ASC Topic 860, Transfers and Servicing*. To achieve a sale for accounting purposes, the assets being transferred must be legally isolated, not be constrained by restrictions from further transfer, and be deemed to be beyond the Company's control. If the Company does not meet all of these criteria for sale accounting, then the transaction is accounted for as a secured borrowing and is referred to as an on-balance sheet asset-backed financing.

If the Company meets all three of the sale criteria above, the transaction is recorded as a sale for accounting purposes and is referred to as an off-balance sheet asset-backed financing. Upon sale, the retail motorcycle finance receivables are removed from the Company's *Consolidated balance sheets* and a gain or loss is recognized for the difference between the cash proceeds received, the assets derecognized, and the liabilities recognized as part of the transaction. The gain or loss on sale is recorded in *Financial services revenue* on the *Consolidated statements of operations*.

The Company is not required, and does not currently intend, to provide any additional financial support to the on- or off-balance sheet VIEs associated with these transactions. Investors and creditors in these transactions only have recourse to the assets held by the VIEs.

The assets and liabilities related to the on-balance sheet asset-backed financings included in the *Consolidated balance sheets* were as follows (in thousands):

	June 30, 2024						
	Finance receivables	Allowance for credit losses	Restricted cash	Other assets	Total assets	Asset-backed debt, net	
On-balance sheet assets and liabilities:							
Consolidated VIEs:							
Asset-backed securitizations	\$ 2,404,604	\$ (130,484)	\$ 116,550	\$ 4,685	\$ 2,395,355	\$ 1,921,408	
Asset-backed U.S. commercial paper conduit facility	469,244	(25,439)	28,205	1,753	473,763	435,930	
Unconsolidated VIEs:							
Asset-backed Canadian commercial paper conduit facility	105,710	(4,744)	6,687	142	107,795	91,379	
	\$ 2,979,558	\$ (160,667)	\$ 151,442	\$ 6,580	\$ 2,976,913	\$ 2,448,717	



December 31, 2023						
	Finance receivables	Allowance for credit losses	Restricted cash	Other assets	Total assets	Asset-backed debt net
On-balance sheet assets and liabilities:						
Consolidated VIEs:						
Asset-backed securitizations	\$ 2,348,817	\$ (126,882)	\$ 94,137	\$ 6,719	\$ 2,322,791	\$ 1,877,3
Asset-backed U.S. commercial paper conduit facility	259,441	(14,001)	16,443	2,066	263,949	233,2
Unconsolidated VIEs:						
Asset-backed Canadian commercial paper conduit facility	81,916	(3,667)	4,425	211	82,885	70,7
	<u>\$ 2,690,174</u>	<u>\$ (144,550)</u>	<u>\$ 115,005</u>	<u>\$ 8,996</u>	<u>\$ 2,669,625</u>	<u>\$ 2,181,3</u>
June 30, 2023						
	Finance receivables	Allowance for credit losses	Restricted cash	Other assets	Total assets	Asset-backed debt net
On-balance sheet assets and liabilities:						
Consolidated VIEs:						
Asset-backed securitizations	\$ 2,361,561	\$ (124,796)	\$ 115,616	\$ 8,977	\$ 2,361,358	\$ 1,924,5
Asset-backed U.S. commercial paper conduit facility	351,848	(18,585)	24,486	1,655	359,404	318,4
Unconsolidated VIEs:						
Asset-backed Canadian commercial paper conduit facility	96,278	(4,235)	6,805	169	99,017	84,2
	<u>\$ 2,809,687</u>	<u>\$ (147,616)</u>	<u>\$ 146,907</u>	<u>\$ 10,801</u>	<u>\$ 2,819,779</u>	<u>\$ 2,327,2</u>

**On-Balance Sheet Asset-Backed Securitization VIEs** – The Company transfers U.S. retail motorcycle finance receivables to SPEs that in turn issue secured notes to investors, with various maturities and interest rates, secured by future collections of the purchased U.S. retail motorcycle finance receivables. Each on-balance sheet asset-backed securitization SPE is a separate legal entity, and the U.S. retail motorcycle finance receivables included in the asset-backed securitizations are only available for payment of the secured debt and other obligations arising from the asset-backed securitization transactions and are not available to pay other obligations or claims of the Company's creditors until the associated secured debt and other obligations are satisfied. Restricted cash balances held by the SPEs are used only to support the securitizations. There are no amortization schedules for the secured notes; however, the debt is reduced monthly as available collections on the related U.S. retail motorcycle finance receivables are applied to outstanding principal. The secured notes currently have various contractual maturities ranging from 2025 to 2031.

The Company is the primary beneficiary of its on-balance sheet asset-backed securitization VIEs because it retains servicing rights and a residual interest in the VIEs in the form of a debt security. As the servicer, the Company is the variable interest holder with the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. As a residual interest holder, the Company has the obligation to absorb losses and the right to receive benefits which could potentially be significant to the VIE.

Quarterly transfers of U.S. retail motorcycle finance receivables to SPEs, the respective proceeds, and the respective proceeds, net of discounts and issuance costs were as follows (in millions):

	2024			2023		
	Transfers	Proceeds	Proceeds, net	Transfers	Proceeds	Proceeds, net
First quarter	\$ —	\$ —	\$ —	\$ 628.5	\$ 550.0	\$ 547.7
Second quarter	607.8	550.0	547.6	0.0	0.0	0.0
	<u>\$ 607.8</u>	<u>\$ 550.0</u>	<u>\$ 547.6</u>	<u>\$ 628.5</u>	<u>\$ 550.0</u>	<u>\$ 547.7</u>

**On-Balance Sheet Asset-Backed U.S. Commercial Paper Conduit Facility VIE** – In November 2023, the Company renewed its \$1.50 billion revolving facility agreement (the U.S. Conduit Facility) with third-party banks and their asset-backed U.S. commercial paper conduits. Under the revolving facility agreement, the Company may transfer U.S. retail motorcycle finance receivables to an SPE, which in turn may issue debt to those third-party banks and their asset-backed U.S. commercial paper

conduits. From November 2020 through November 2022, the U.S. Conduit Facility allowed for uncommitted additional borrowings of up to \$ 300.0 million at the lenders' discretion. At June 30, 2023, \$18.4 million remained outstanding under the uncommitted additional borrowings previously allowed. Availability under the U.S. Conduit Facility is based on, among other things, the amount of eligible U.S. retail motorcycle finance receivables held by the SPE as collateral.

Under the U.S. Conduit Facility, the assets of the SPE are restricted as collateral for the payment of the debt or other obligations arising in the transaction and are not available to pay other obligations or claims of the Company's creditors. The terms for this debt provide for interest on the outstanding principal based on prevailing commercial paper rates if funded by a conduit lender through the issuance of commercial paper. The interest rate on all outstanding debt and future borrowings, if not funded by a conduit lender through the issuance of commercial paper, is based on the Secured Overnight Financing Rate (SOFR), with provisions for a transition to other benchmark rates in the future, if necessary. In addition to interest, a program fee is assessed based on the outstanding debt principal balance. The U.S. Conduit Facility also provides for an unused commitment fee based on the unused portion of the total aggregate commitment. Prior to November 2022, when calculating the unused fee, the aggregate commitment did not include any unused portion of the \$300.0 million uncommitted additional borrowings allowed. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related finance receivables are applied to outstanding principal. Upon expiration of the U.S. Conduit Facility, any outstanding principal will continue to be reduced monthly through available collections. The expected remaining term of the related receivables held by the SPE is approximately 5 years. Unless earlier terminated or extended by mutual agreement of the Company and the lenders, as of June 30, 2024, the U.S. Conduit Facility had an expiration date of November 20, 2024.

The Company is the primary beneficiary of its U.S. Conduit Facility VIE because it retains servicing rights and a residual interest in the VIE in the form of a debt security. As the servicer, the Company is the variable interest holder with the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. As a residual interest holder, the Company has the obligation to absorb losses and the right to receive benefits which could potentially be significant to the VIE.

There were no finance receivable transfers under the U.S. Conduit Facility during the second quarter of 2024 or first half of 2023. During the first quarter of 2024, the Company transferred \$ 334.8 million of U.S. retail motorcycle finance receivables to an SPE which, in turn, issued \$306.0 million of debt under the U.S. Conduit Facility.

*On-Balance Sheet Asset-Backed Canadian Commercial Paper Conduit Facility* – In June 2024, the Company renewed and amended its revolving facility agreement (Canadian Conduit) with a Canadian bank-sponsored asset-backed commercial paper conduit. Under the renewed and amended agreement, the Canadian Conduit is contractually committed, at the Company's option, to purchase eligible Canadian retail motorcycle finance receivables for proceeds up to C\$165.0 million, which was a C\$40.0 million increase in the total commitment. The transferred assets are restricted as collateral for the payment of the associated debt. The terms for this debt provide for interest on the outstanding principal based on prevailing market interest rates plus a specified margin. The Canadian Conduit also provides for a program fee and an unused commitment fee based on the unused portion of the total aggregate commitment. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related finance receivables are applied to outstanding principal. Upon expiration of the Canadian Conduit, any outstanding principal will continue to be reduced monthly through available collections. The expected remaining term of the related receivables is approximately 5 years. Unless earlier terminated or extended by mutual agreement of the Company and the lenders, as of June 30, 2024, the Canadian Conduit had an expiration date of June 30, 2025.

The Company is not the primary beneficiary of the Canadian bank-sponsored, multi-seller conduit VIE; therefore, the Company does not consolidate the VIE. However, the Company treats the conduit facility as a secured borrowing as it maintains effective control over the assets transferred to the VIE and, therefore, does not meet the requirements for sale accounting.

As the Company participates in and does not consolidate the Canadian bank-sponsored, multi-seller conduit VIE, the maximum exposure to loss associated with this VIE, which would only be incurred in the unlikely event that all the finance receivables and underlying collateral have no residual value, was \$16.4 million at June 30, 2024. The maximum exposure is not an indication of the Company's expected loss exposure.

Quarterly transfers of Canadian retail motorcycle finance receivables to the Canadian Conduit and the respective proceeds were as follows (in millions):

	2024		2023	
	Transfers	Proceeds	Transfers	Proceeds
First quarter	\$ 34.9	\$ 28.6	\$ —	\$ —
Second quarter	20.6	16.9	40.5	33.5
	<u>\$ 55.5</u>	<u>\$ 45.5</u>	<u>\$ 40.5</u>	<u>\$ 33.5</u>

# 11. Fair Value

The following tables present the fair values of certain of the Company's assets and liabilities within the fair value hierarchy as defined in Note 1.

*Recurring Fair Value Measurements* – The Company's assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	June 30, 2024		
	Balance	Level 1	Level 2
<b>Assets:</b>			
Cash equivalents	\$ 1,435,709	\$ 1,296,000	\$ 139,709
Marketable securities	34,392	34,392	—
Derivative financial instruments	9,076	—	9,076
	<u>\$ 1,479,177</u>	<u>\$ 1,330,392</u>	<u>\$ 148,785</u>
<b>Liabilities:</b>			
Derivative financial instruments	\$ 34,455	\$ —	\$ 34,455
LiveWire warrants	5,769	3,774	1,995
	<u>\$ 40,224</u>	<u>\$ 3,774</u>	<u>\$ 36,450</u>
	December 31, 2023		
	Balance	Level 1	Level 2
<b>Assets:</b>			
Cash equivalents	\$ 1,067,755	\$ 898,000	\$ 169,755
Marketable securities	34,079	34,079	—
Derivative financial instruments	19,073	—	19,073
	<u>\$ 1,120,907</u>	<u>\$ 932,079</u>	<u>\$ 188,828</u>
<b>Liabilities:</b>			
Derivative financial instruments	\$ 12,806	\$ —	\$ 12,806
LiveWire warrants	12,319	8,059	4,260
	<u>\$ 25,125</u>	<u>\$ 8,059</u>	<u>\$ 17,066</u>
	June 30, 2023		
	Balance	Level 1	Level 2
<b>Assets:</b>			
Cash equivalents	\$ 972,567	\$ 738,000	\$ 234,567
Marketable securities	35,175	35,175	—
Derivative financial instruments	14,824	—	14,824
	<u>\$ 1,022,566</u>	<u>\$ 773,175</u>	<u>\$ 249,391</u>
<b>Liabilities:</b>			
Derivative financial instruments	\$ 29,350	\$ —	\$ 29,350
LiveWire warrants	18,757	12,300	6,457
	<u>\$ 48,107</u>	<u>\$ 12,300</u>	<u>\$ 35,807</u>

**Nonrecurring Fair Value Measurements** – Repossessed inventory was \$25.5 million, \$28.0 million and \$24.2 million as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, for which the fair value adjustment was a decrease of \$10.1 million, \$18.6 million and \$5.2 million, respectively. Fair value is estimated using Level 2 inputs based on the recent market values of repossessed inventory.

**Fair Value of Financial Instruments Measured at Cost** – The carrying value of the Company's *Cash and cash equivalents* and *Restricted cash* approximates their fair values. The fair value and carrying value of the Company's remaining financial instruments that are measured at cost or amortized cost were as follows (in thousands):

	June 30, 2024		December 31, 2023		June 30, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Assets:</b>						
Finance receivables, net	\$ 8,041,027	\$ 8,018,564	\$ 7,500,263	\$ 7,498,265	\$ 7,536,523	\$ 7,509,866
<b>Liabilities:</b>						
Deposits, net	\$ 516,621	\$ 504,093	\$ 460,766	\$ 447,782	\$ 459,497	\$ 439,911
<b>Debt:</b>						
Unsecured commercial paper	\$ 497,792	\$ 497,792	\$ 878,935	\$ 878,935	\$ 695,356	\$ 695,356
Asset-backed U.S. commercial paper conduit facility	\$ 435,930	\$ 435,930	\$ 233,258	\$ 233,258	\$ 318,406	\$ 318,406
Asset-backed Canadian commercial paper conduit facility	\$ 91,379	\$ 91,379	\$ 70,742	\$ 70,742	\$ 84,269	\$ 84,269
Asset-backed securitization debt	\$ 1,918,596	\$ 1,921,408	\$ 1,872,215	\$ 1,877,368	\$ 1,903,422	\$ 1,924,545
Medium-term notes	\$ 3,762,182	\$ 3,776,060	\$ 3,308,952	\$ 3,319,138	\$ 3,191,435	\$ 3,297,004
Senior notes	\$ 678,553	\$ 746,438	\$ 674,787	\$ 746,079	\$ 681,581	\$ 745,722

**Finance Receivables, net** – The carrying value of retail and wholesale finance receivables is amortized cost less an allowance for credit losses. The fair value of retail finance receivables is generally calculated by discounting future cash flows using an estimated discount rate that reflects current credit, interest rate and prepayment risks associated with similar types of instruments. Fair value is determined based on Level 3 inputs. The amortized cost basis of wholesale finance receivables approximates fair value because they are generally either short-term or have interest rates that adjust with changes in market interest rates.

**Deposits, net** – The carrying value of deposits is amortized cost, net of fees. The fair value of deposits is estimated based upon rates currently available for deposits with similar terms and maturities. Fair value is calculated using Level 3 inputs.

**Debt** – The carrying value of debt is generally cost, net of unamortized discounts and debt issuance costs. The fair value of unsecured commercial paper is calculated using Level 2 inputs and approximates carrying value due to its short maturity. The fair value of debt provided under the U.S. Conduit Facility and the Canadian Conduit Facility is calculated using Level 2 inputs and approximates carrying value since the interest rates charged under the facilities are tied directly to market rates and fluctuate as market rates change. The fair values of the medium-term notes and senior notes are estimated based upon rates currently available for debt with similar terms and remaining maturities (Level 2 inputs). The fair value of the fixed-rate debt related to on-balance sheet asset-backed securitization transactions is estimated based on pricing currently available for transactions with similar terms and maturities (Level 2 inputs). The fair value of the floating-rate debt related to on-balance sheet asset-backed securitization transactions is calculated using Level 2 inputs and approximates carrying value since the interest rates charged are tied directly to market rates and fluctuate as market rates change.

## 12. Product Warranty and Recall Campaigns

The Company currently provides a standard two-year limited warranty on all new motorcycles sold worldwide, except in certain markets, where the Company currently provides a standard three-year limited warranty. The Company also provides a five-year limited warranty on the battery for electric motorcycles. In addition, the Company provides a one-year warranty for parts and accessories. The warranty coverage for the retail customer generally begins when the product is sold to a retail customer. The Company accrues for future warranty claims at the time of shipment using an estimated cost based primarily on historical Company claim information.

Additionally, the Company has from time to time initiated certain voluntary recall campaigns. The Company records estimated recall costs when the liability is both probable and estimable. This generally occurs when the Company's management approves and commits to a recall. The warranty and recall liability is included in *Accrued liabilities* and *Other long-term liabilities* on the *Consolidated balance sheets*. Changes in the Company's warranty and recall liabilities were as follows (in thousands):

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Balance, beginning of period	\$ 67,159	\$ 74,668	\$ 64,144	\$ 75,960
Warranties issued during the period	14,556	10,058	29,188	21,985
Settlements made during the period	(16,091)	(14,528)	(29,846)	(26,579)
Recalls and changes to pre-existing warranty liabilities	4,009	(4,907)	6,147	(6,075)
Balance, end of period	<u>\$ 69,633</u>	<u>\$ 65,291</u>	<u>\$ 69,633</u>	<u>\$ 65,291</u>

The liability for recall campaigns, included in the balance above, was \$15.7 million, \$18.9 million and \$18.4 million at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

### 13. Employee Benefit Plans

The Company has a qualified pension plan and postretirement healthcare benefit plans. The plans cover certain eligible employees and retirees of the HDMC segment. The Company also has unfunded supplemental employee retirement plan agreements (SERPA) with certain employees. Service cost is allocated among *Selling, administrative and engineering expense, Motorcycles and related products cost of goods sold* and *Inventories, net*. Amounts capitalized in inventory are not significant. Non-service cost components of net periodic benefit (income) cost are presented in *Other income, net*. Components of net periodic benefit (income) cost for the Company's defined benefit plans were as follows (in thousands):

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Pension and SERPA Benefits:</b>				
Service cost	\$ 1,175	\$ 1,294	\$ 2,350	\$ 2,588
Interest cost	20,118	20,476	40,237	40,952
Expected return on plan assets	(33,143)	(36,519)	(66,286)	(73,038)
Amortization of unrecognized:				
Prior service cost	188	188	376	376
Net gain	(163)	(181)	(326)	(362)
Settlement gain	—	—	—	(222)
Special retirement benefit cost	1,722	—	1,722	—
Net periodic benefit income	<u>\$ (10,103)</u>	<u>\$ (14,742)</u>	<u>\$ (21,927)</u>	<u>\$ (29,706)</u>
<b>Postretirement Healthcare Benefits:</b>				
Service cost	\$ 723	\$ 797	\$ 1,446	\$ 1,594
Interest cost	2,694	2,772	5,388	5,544
Expected return on plan assets	(4,424)	(4,281)	(8,848)	(8,562)
Amortization of unrecognized:				
Prior service cost (credit)	149	(166)	298	(332)
Net gain	(1,250)	(1,097)	(2,500)	(2,194)
Net periodic benefit income	<u>\$ (2,108)</u>	<u>\$ (1,975)</u>	<u>\$ (4,216)</u>	<u>\$ (3,950)</u>

There are no required or planned voluntary qualified pension plan contributions for 2024. The Company expects it will continue to make ongoing benefit payments under the SERPA and postretirement healthcare plans.

#### 14. Commitments and Contingencies

*Litigation and Other Claims* – The Company is subject to lawsuits and other claims related to product, commercial, employee, environmental and other matters. In determining costs to accrue related to these items, the Company carefully analyzes cases and considers the likelihood of adverse judgments or outcomes, as well as the potential range of possible loss. The Company accrues for matters when losses are both probable and estimable. Any amounts accrued for these matters are monitored on an ongoing basis and are updated based on new developments or new information as it becomes available for each matter. The Company also maintains insurance coverage for product liability exposures. The Company believes that its accruals and insurance coverage are adequate and there are no material exposures to loss in excess of amounts accrued and insured for losses related to these matters.

*Supply Matters* – During the second quarter of 2022, the Company received information from a Tier 2 supplier, Proterial Cable America, Inc. ("PCA" f/k/a Hitachi Cable America, Inc.), concerning a potential regulatory compliance matter relating to PCA's brake hose assemblies. As a result, out of an abundance of caution, the Company suspended all vehicle assembly and shipments for approximately two weeks during the second quarter of 2022. Since then, the Company has been working through the regulatory compliance matter with PCA, the Company's relevant Tier-1 suppliers, and the National Highway Traffic Safety Administration (NHTSA), the agency responsible for brake hose assembly compliance in the United States.

In connection with this matter, in July 2022, PCA notified NHTSA of a population of brake hose assemblies manufactured between May and July of 2022 that were non-compliant with select NHTSA laboratory test standards. Based on that filing, in August 2022, the Company notified NHTSA of the corresponding population of Harley-Davidson motorcycles containing those brake hose assemblies. In October 2022, PCA amended its original notification, expanding its population of non-compliant brake hose assemblies to include units produced by PCA for use in Harley-Davidson motorcycles beginning as early as model year 2008. In December 2022, the Company amended its August notification, expanding the population to also include Harley-Davidson motorcycles that contained PCA's newly identified brake hose assemblies. In March 2023, PCA again amended its NHTSA notification, identifying additional compliance issues with the previously identified brake hose assemblies. The Company followed PCA's March amendment with a derivative amended notification to NHTSA in May 2023.

In June 2023, the Company received a letter from PCA advising that PCA was investigating a new, separate potential quality issue with brake hose assemblies produced by PCA after the Company's 2022 production suspension. Due to this issue, the Company was forced to suspend production of most of the motorcycles manufactured at its York facility and run limited motorcycle manufacturing operations there for approximately two weeks. The Company continued to manufacture, among other motorcycles, the 2023 CVO Road Glide and Street Glide, which do not use PCA's brake hose assemblies. It also continued its normal motorcycle manufacturing operations at its international facilities. In connection with this matter, in late June 2023, PCA filed a new and separate NHTSA notification, identifying certain brake hose assemblies produced between June of 2022 and June of 2023 as noncompliant with select NHTSA laboratory test standards. The Company followed PCA's June 2023 notification by filing a derivative notification with NHTSA in early July 2023.

As permitted by federal law, both PCA and the Company have utilized NHTSA's standard process to petition the agency to determine that these compliance issues are inconsequential to motor vehicle safety ("Inconsequentiality Determinations"). If NHTSA makes the Inconsequentiality Determinations requested, the Company will be exempt from conducting a field action or recall of its motorcycles related to these matters.

In its inconsequentiality petitions, the Company has presented NHTSA with: (1) extensive independent, third-party and internal testing demonstrating that the brake hose assemblies at issue are robust to extreme conditions - which far exceed maximum expected motorcycle lifetime demands - with no impact to brake performance; and (2) real-world field safety data showing no documented crashes or injuries attributable to the identified compliance issues for the relevant affected populations. The Company believes its petitions are closely comparable to inconsequentiality petitions that have resulted in successful inconsequentiality determinations in the past. The Company is also confident that its position that the compliance issues are inconsequential to motor vehicle safety is strong and, therefore, no field action or recall will be necessary.

Based on its expectation that NHTSA will make Inconsequentiality Determinations, the Company does not expect that these regulatory noncompliance matters will result in material costs in the future, and no costs have been accrued to date. However, it is possible that a field action or recall could be required that could cause the Company to incur material costs. There are several variables and uncertainties associated with any potential field action or recall that are not yet fully known including, but not limited to, the population of brake hose assemblies and motorcycles, the specific field action or recall required, the complexity and cost of the required repair, the need for and availability of replacement parts, the suppliers of replacement parts and the number of motorcycle owners that would participate. The Company estimates, based on its available information and assumptions, that the cost of a potential field action or recall in the aggregate, if any were to occur, could range from approximately \$100 million to \$400 million. The Company continues to evaluate and update its estimates as

it learns more about these regulatory matters, including the variables and uncertainties discussed above. The Company also continues to maintain its expectation that NHTSA will make the requested Inconsequentiality Determinations and that these regulatory matters will not result in any material field action or recall costs. If a material field action or recall were to result, the Company would seek full recovery of those amounts.

# 15. Accumulated Other Comprehensive Loss

Changes in *Accumulated other comprehensive loss* were as follows (in thousands):

	Three months ended June 30, 2024			
	Foreign currency translation adjustments	Derivative financial instruments	Pension and postretirement benefit plans	Total
Balance, beginning of period	\$ (100,033)	\$ (2,080)	\$ (230,445)	\$ (332,558)
Other comprehensive loss, before reclassifications	(6,895)	(4,110)	—	(11,005)
Income tax benefit	—	1,006	—	1,006
	(6,895)	(3,104)	—	(9,999)
Reclassifications:				
Net loss on derivative financial instruments	—	7,247	—	7,247
Prior service credits <sup>(a)</sup>	—	—	337	337
Actuarial gains <sup>(a)</sup>	—	—	(1,413)	(1,413)
Reclassifications before tax	—	7,247	(1,076)	6,171
Income tax (expense) benefit	—	(1,740)	252	(1,488)
	—	5,507	(824)	4,683
Other comprehensive (loss) income	(6,895)	2,403	(824)	(5,316)
Balance, end of period	\$ (106,928)	\$ 323	\$ (231,269)	\$ (337,874)

  

	Three months ended June 30, 2023			
	Foreign currency translation adjustments	Derivative financial instruments	Pension and postretirement benefit plans	Total
Balance, beginning of period	\$ (70,150)	\$ (32,322)	\$ (252,180)	\$ (354,652)
Other comprehensive (loss) income, before reclassifications	(23,296)	25,694	—	2,398
Income tax benefit (expense)	3,659	(6,027)	—	(2,368)
	(19,637)	19,667	—	30
Reclassifications:				
Net gain on derivative financial instruments	—	(703)	—	(703)
Prior service credits <sup>(a)</sup>	—	—	22	22
Actuarial gains <sup>(a)</sup>	—	—	(1,278)	(1,278)
Reclassifications before tax	—	(703)	(1,256)	(1,959)
Income tax benefit	—	162	295	457
	—	(541)	(961)	(1,502)
Other comprehensive (loss) income	(19,637)	19,126	(961)	(1,472)
Balance, end of period	\$ (89,787)	\$ (13,196)	\$ (253,141)	\$ (356,124)

(a) Amounts reclassified are included in the computation of net periodic benefit (income) cost, discussed further in Note 13.

Six months ended June 30, 2024				
	Foreign currency translation	Derivative financial	Pension and postretirement	
	adjustments	instruments	benefit plans	Total
Balance, beginning of period	\$ (68,735)	(6,603)	(229,625)	(304,962)
Other comprehensive loss, before reclassifications	(38,200)	(26,751)	—	(64,951)
Income tax benefit	11	6,419	—	6,430
	(38,189)	(20,332)	—	(58,521)
Reclassifications:				
Net loss on derivative financial instruments	—	35,753	—	35,753
Prior service credits <sup>(a)</sup>	—	—	674	674
Actuarial gains <sup>(a)</sup>	—	—	(2,826)	(2,826)
Reclassifications before tax	—	35,753	(2,152)	33,601
Income tax (expense) benefit	—	(8,497)	505	(7,992)
	—	27,256	(1,647)	25,609
Other comprehensive (loss) income	(38,189)	6,924	(1,647)	(32,912)
Balance, end of period	\$ (106,925)	325	(231,269)	(337,874)

Six months ended June 30, 2023				
	Foreign currency translation	Derivative financial	Pension and postretirement	
	adjustments	instruments	benefit plans	Total
Balance, beginning of period	\$ (80,275)	(10,445)	(251,215)	(341,929)
Other comprehensive (loss) income, before reclassifications	(12,320)	24,454	—	12,134
Income tax benefit (expense)	2,804	(5,654)	—	(2,850)
	(9,516)	18,800	—	9,284
Reclassifications:				
Net gain on derivative financial instruments	—	(28,168)	—	(28,168)
Prior service credits <sup>(a)</sup>	—	—	44	44
Actuarial gains <sup>(a)</sup>	—	—	(2,556)	(2,556)
Reclassifications before tax	—	(28,168)	(2,512)	(30,680)
Income tax benefit	—	6,612	589	7,201
	—	(21,556)	(1,923)	(23,479)
Other comprehensive loss	(9,516)	(2,756)	(1,923)	(14,195)
Balance, end of period	\$ (89,785)	(13,195)	(253,141)	(356,124)

(a) Amounts reclassified are included in the computation of net periodic benefit (income) cost, discussed further in Note 15



## 16. Reportable Segments

The Company operates in three business segments: HDMC, LiveWire and HDFS. The Company's reportable segments are strategic business units that offer different products and services and are managed separately based on the fundamental differences in their operations.

Selected segment information is set forth below (in thousands):

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>HDMC:</b>				
Revenue	\$ 1,348,906	\$ 1,198,136	\$ 2,825,012	\$ 2,755,965
Gross profit	433,126	417,474	894,196	974,500
Selling, administrative and engineering expense	235,221	223,137	457,845	444,427
Operating income	197,905	194,337	436,351	530,073
<b>LiveWire:</b>				
Revenue	6,448	7,026	11,152	14,788
Gross loss	(1,784)	(2,940)	(5,725)	(1,676)
Selling, administrative and engineering expense	26,382	29,044	51,682	54,855
Operating loss	(28,166)	(31,984)	(57,407)	(56,531)
<b>HDFS:</b>				
Financial services revenue	263,539	240,361	512,336	463,456
Financial services expense	192,176	181,376	387,098	346,051
Operating income	71,363	58,985	125,238	117,405
Operating income	\$ 241,102	\$ 221,338	\$ 504,182	\$ 590,947

Total assets for the HDMC, LiveWire and HDFS segments were \$ 3.6 billion, \$0.2 billion and \$8.9 billion, respectively, as of June 30, 2024, \$ 3.6 billion, \$0.3 billion and \$8.2 billion, respectively, as of December 31, 2023, and \$3.4 billion, \$0.3 billion and \$8.3 billion, respectively, as of June 30, 2023.

## 17. Supplemental Consolidating Data

The supplemental consolidating data includes separate legal entity data for the Company's financial services entities, including Harley-Davidson Financial Services, Inc. and its subsidiaries (Financial Services Entities), and all other Harley-Davidson, Inc. entities (Non-Financial Services Entities). This information is presented to highlight the separate financial statement impacts of the Company's Financial Services Entities and its Non-Financial Services Entities. The income statement information presented below differs from reportable segment income statement information due to the allocation of legal entity consolidating adjustments to income for reportable segments. Supplemental consolidating data is as follows (in thousands):

	Three months ended June 30, 2024			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Revenue:				
Motorcycles and related products	\$ 1,357,953	\$ —	\$ (2,599)	\$ 1,355,354
Financial services	—	264,220	(681)	263,539
	1,357,953	264,220	(3,280)	1,618,893
Costs and expenses:				
Motorcycles and related products cost of goods sold	924,012	—	—	924,012
Financial services interest expense	—	93,741	—	93,741
Financial services provision for credit losses	—	56,030	—	56,030
Selling, administrative and engineering expense	262,188	45,004	(3,184)	304,008
	1,186,200	194,775	(3,184)	1,377,791
Operating income	171,753	69,445	(96)	241,102
Other income, net	15,879	—	—	15,879
Investment income	14,811	—	—	14,811
Interest expense	7,680	—	—	7,680
Income before income taxes	194,763	69,445	(96)	264,112
Income tax provision	32,032	16,674	—	48,706
Net income	162,731	52,771	(96)	215,406
Less: (income) loss attributable to noncontrolling interests	2,863	\$ —	\$ —	\$ 2,863
Net income attributable to Harley-Davidson, Inc.	\$ 165,594	\$ 52,771	\$ (96)	\$ 218,269
Six months ended June 30, 2024				
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Revenue:				
Motorcycles and related products	\$ 2,840,712	\$ —	\$ (4,548)	\$ 2,836,164
Financial services	—	513,459	(1,123)	512,336
	2,840,712	513,459	(5,671)	3,348,500
Costs and expenses:				
Motorcycles and related products cost of goods sold	1,947,693	—	—	1,947,693
Financial services interest expense	—	182,480	—	182,480
Financial services provision for credit losses	—	117,040	—	117,040
Selling, administrative and engineering expense	510,661	92,126	(5,682)	597,105
	2,458,354	391,646	(5,682)	2,844,318
Operating income	382,358	121,813	11	504,182
Other income, net	36,443	—	—	36,443
Investment income	29,215	—	—	29,215
Interest expense	15,359	—	—	15,359
Income before income taxes	432,657	121,813	11	554,481
Provision for income taxes	77,562	29,280	—	106,842
Net income	355,095	92,533	11	447,639
Less: (income) loss attributable to noncontrolling interests	5,571	—	—	5,571
Net income attributable to Harley-Davidson, Inc.	\$ 360,666	\$ 92,533	\$ 11	\$ 453,210

	Three months ended June 30, 2023			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Revenue:				
Motorcycles and Related Products	\$ 1,207,314	\$ —	\$ (2,152)	\$ 1,205,162
Financial Services	—	241,090	(729)	240,361
	1,207,314	241,090	(2,881)	1,445,523
Costs and expenses:				
Motorcycles and Related Products cost of goods sold	790,628	—	—	790,628
Financial Services interest expense	—	86,005	—	86,005
Financial Services provision for credit losses	—	57,278	—	57,278
Selling, administrative and engineering expense	252,825	40,245	(2,796)	290,274
	1,043,453	183,528	(2,796)	1,224,185
Operating income	163,861	57,562	(85)	221,338
Other income, net	7,226	—	—	7,226
Investment income	11,151	—	—	11,151
Interest expense	7,696	—	—	7,696
Income before income taxes	174,542	57,562	(85)	232,019
Provision for income taxes	43,670	14,519	—	58,189
Net income	130,872	43,043	(85)	173,830
Less: (income) loss attributable to noncontrolling interests	4,209	—	—	4,209
Net income attributable to Harley-Davidson, Inc.	\$ 135,081	\$ 43,043	\$ (85)	\$ 178,039
Six months ended June 30, 2023				
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Revenue:				
Motorcycles and related products	\$ 2,775,023	\$ —	\$ (4,270)	\$ 2,770,753
Financial services	—	464,613	(1,157)	463,456
	2,775,023	464,613	(5,427)	3,234,209
Costs and expenses:				
Motorcycles and related products cost of goods sold	1,797,929	—	—	1,797,929
Financial services interest expense	—	159,554	—	159,554
Financial services provision for credit losses	—	109,642	—	109,642
Selling, administrative and engineering expense	500,520	81,125	(5,508)	576,137
	2,298,449	350,321	(5,508)	2,643,262
Operating income	476,574	114,292	81	590,947
Other income, net	27,322	—	—	27,322
Investment income	21,176	—	—	21,176
Interest expense	15,416	—	—	15,416
Income before income taxes	509,656	114,292	81	624,029
Provision for income taxes	122,398	25,972	—	148,370
Net income	387,258	88,320	81	475,659
Less: (income) loss attributable to noncontrolling interests	6,470	—	—	6,470
Net income attributable to Harley-Davidson, Inc.	\$ 393,728	\$ 88,320	\$ 81	\$ 482,129

	June 30, 2024			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,276,973	\$ 572,186	\$ —	\$ 1,849,159
Accounts receivable, net	636,846	46	(315,607)	321,285
Finance receivables, net	—	2,472,784	—	2,472,784
Inventories, net	668,924	—	—	668,924
Restricted cash	—	137,486	—	137,486
Other current assets	143,012	59,086	(14,096)	188,002
	<u>2,725,755</u>	<u>3,241,588</u>	<u>(329,703)</u>	<u>5,637,640</u>
Finance receivables, net	—	5,545,780	—	5,545,780
Property, plant and equipment, net	703,548	16,875	—	720,423
Pension and postretirement assets	438,805	—	—	438,805
Goodwill	62,152	—	—	62,152
Deferred income taxes	72,899	86,473	(792)	158,580
Lease assets	58,078	3,838	—	61,916
Other long-term assets	224,645	25,941	(115,640)	134,946
	<u>\$ 4,285,882</u>	<u>\$ 8,920,495</u>	<u>\$ (446,135)</u>	<u>\$ 12,760,242</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 351,209	\$ 341,465	\$ (315,607)	\$ 377,067
Accrued liabilities	502,575	172,019	(13,427)	661,167
Short-term deposits, net	—	206,972	—	206,972
Short-term debt	—	497,792	—	497,792
Current portion of long-term debt, net	—	2,021,344	—	2,021,344
	<u>853,784</u>	<u>3,239,592</u>	<u>(329,034)</u>	<u>3,764,342</u>
Long-term deposits, net	—	297,121	—	297,121
Long-term debt, net	746,438	4,203,433	—	4,949,871
Lease liabilities	41,991	3,364	—	45,355
Pension and postretirement liabilities	58,886	—	—	58,886
Deferred income taxes	30,266	3,231	—	33,497
Other long-term liabilities	143,946	32,034	1,874	177,854
Commitments and contingencies (Note 14)				
Shareholders' equity	2,410,571	1,141,720	(118,975)	3,433,316
	<u>\$ 4,285,882</u>	<u>\$ 8,920,495</u>	<u>\$ (446,135)</u>	<u>\$ 12,760,242</u>

June 30, 2023				
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,056,404	\$ 465,536	\$ —	\$ 1,521,940
Accounts receivable, net	514,653	—	(185,166)	329,487
Finance receivables, net	—	1,979,645	—	1,979,645
Inventories, net	846,033	—	—	846,033
Restricted cash	—	135,618	—	135,618
Other current assets	151,505	55,556	(5,359)	201,702
	<u>2,568,595</u>	<u>2,636,355</u>	<u>(190,525)</u>	<u>5,014,425</u>
Finance receivables, net	—	5,530,221	—	5,530,221
Property, plant and equipment, net	666,908	21,208	—	688,116
Pension and postretirement assets	353,004	—	—	353,004
Goodwill	62,451	—	—	62,451
Deferred income taxes	60,412	85,907	(951)	145,368
Lease assets	67,878	5,348	—	73,226
Other long-term assets	226,149	34,790	(112,189)	148,750
	<u>\$ 4,005,397</u>	<u>\$ 8,313,829</u>	<u>\$ (303,665)</u>	<u>\$ 12,015,561</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 329,394	\$ 215,197	\$ (185,166)	\$ 359,425
Accrued liabilities	480,352	115,130	(4,797)	590,685
Short-term deposits, net	—	216,293	—	216,293
Short-term debt	—	695,356	—	695,356
Current portion of long-term debt, net	—	604,700	—	604,700
	<u>809,746</u>	<u>1,846,676</u>	<u>(189,963)</u>	<u>2,466,459</u>
Long-term deposits, net	—	223,618	—	223,618
Long-term debt, net	745,722	5,019,524	—	5,765,246
Lease liabilities	51,013	5,097	—	56,110
Pension and postretirement liabilities	66,801	—	—	66,801
Deferred income taxes	28,390	3,129	—	31,519
Other long-term liabilities	154,029	59,971	1,952	215,952
Commitments and contingencies (Note 14)				
Shareholders' equity	2,149,696	1,155,814	(115,654)	3,189,856
	<u>\$ 4,005,397</u>	<u>\$ 8,313,829</u>	<u>\$ (303,665)</u>	<u>\$ 12,015,561</u>

	Six months ended June 30, 2024			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Cash flows from operating activities:				
Net income	\$ 355,095	\$ 92,533	\$ 11	\$ 447,639
Adjustments to reconcile Net income to Net cash provided by operating activities:				
Depreciation and amortization	75,768	4,608	—	80,376
Amortization of deferred loan origination costs	—	36,466	—	36,466
Amortization of financing origination fees	360	6,433	—	6,793
Provision for long-term employee benefits	(26,143)	—	—	(26,143)
Employee benefit plan contributions and payments	(2,593)	—	—	(2,593)
Stock compensation expense	27,896	1,099	—	28,995
Net change in wholesale finance receivables related to sales	—	—	(388,030)	(388,030)
Provision for credit losses	—	117,040	—	117,040
Deferred income taxes	2,145	(1,445)	(554)	146
Other, net	13,339	1,637	(11)	14,965
Changes in current assets and liabilities:				
Accounts receivable, net	(233,698)	—	167,771	(65,927)
Finance receivables – accrued interest and other	—	2,759	—	2,759
Inventories, net	235,539	—	—	235,539
Accounts payable and accrued liabilities	48,395	171,199	(155,428)	64,166
Other current assets	9,347	9,589	6,515	25,451
	150,355	349,385	(369,737)	130,003
Net cash provided by operating activities	505,450	441,918	(369,726)	577,642
Cash flows from investing activities:				
Capital expenditures	(87,050)	(785)	—	(87,835)
Origination of finance receivables	—	(4,210,218)	2,114,266	(2,095,952)
Collections on finance receivables	—	3,531,504	(1,744,540)	1,786,964
Other investing activities	(1,206)	—	1,000	(206)
Net cash used by investing activities	(88,256)	(679,499)	370,726	(397,029)

	Six months ended June 30, 2024			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Cash flows from financing activities:				
Proceeds from issuance of medium-term notes	—	495,856	—	495,856
Proceeds from securitization debt	—	547,618	—	547,618
Repayments of securitization debt	—	(506,489)	—	(506,489)
Borrowings of asset-backed commercial paper	—	351,429	—	351,429
Repayments of asset-backed commercial paper	—	(125,654)	—	(125,654)
Net decrease in unsecured commercial paper	—	(379,743)	—	(379,743)
Net increase in deposits	—	56,007	—	56,007
Dividends paid	(47,359)	—	—	(47,359)
Repurchase of common stock	(209,675)	—	—	(209,675)
Other financing activities	8	1,000	(1,000)	8
Net cash (used) provided by financing activities	(257,026)	440,024	(1,000)	181,998
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(10,595)	(226)	—	(10,821)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 149,573</u>	<u>\$ 202,217</u>	<u>\$ —</u>	<u>\$ 351,790</u>
Cash, cash equivalents and restricted cash:				
Cash, cash equivalents and restricted cash, beginning of period	\$ 1,127,400	\$ 521,411	\$ —	\$ 1,648,811
Net increase in cash, cash equivalents and restricted cash	149,573	202,217	—	351,790
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,276,973</u>	<u>\$ 723,628</u>	<u>\$ —</u>	<u>\$ 2,000,601</u>

	Six months ended June 30, 2023			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Cash flows from operating activities:				
Net income	\$ 387,258	\$ 88,320	\$ 81	\$ 475,659
Adjustments to reconcile Net income to Net cash provided by operating activities:				
Depreciation and amortization	67,720	4,505	—	72,225
Amortization of deferred loan origination costs	—	44,393	—	44,393
Amortization of financing origination fees	354	6,154	—	6,508
Provision for long-term employee benefits	(33,656)	—	—	(33,656)
Employee benefit plan contributions and payments	(2,882)	—	—	(2,882)
Stock compensation expense	42,174	2,239	—	44,413
Net change in wholesale finance receivables related to sales	—	—	(267,942)	(267,942)
Provision for credit losses	—	109,642	—	109,642
Deferred income taxes	233	(4,413)	(71)	(4,251)
Other, net	(25,290)	(5,788)	(82)	(31,160)
Changes in current assets and liabilities:				
Accounts receivable, net	(147,730)	—	68,199	(79,531)
Finance receivables – accrued interest and other	—	3,189	—	3,189
Inventories, net	94,636	—	—	94,636
Accounts payable and accrued liabilities	(30,340)	80,563	(66,270)	(16,047)
Other current assets	(12,329)	6,836	817	(4,676)
	(47,110)	247,320	(265,349)	(65,139)
Net cash provided by operating activities	340,148	335,640	(265,268)	410,520
Cash flows from investing activities:				
Capital expenditures	(85,401)	(1,125)	—	(86,526)
Origination of finance receivables	—	(4,076,675)	1,947,692	(2,128,983)
Collections on finance receivables	—	3,551,887	(1,682,424)	1,869,463
Other investing activities	(1,650)	—	2,500	850
Net cash used by investing activities	(87,051)	(525,913)	267,768	(345,196)



	Six months ended June 30, 2023			
	Non-Financial Services Entities	Financial Services Entities	Consolidating Adjustments	Consolidated
Cash flows from financing activities:				
Proceeds from issuance of medium-term notes	—	1,446,304	—	1,446,304
Repayments of medium-term notes	—	(1,056,680)	—	(1,056,680)
Proceeds from securitization debt	—	547,706	—	547,706
Repayments of securitization debt	—	(645,377)	—	(645,377)
Borrowings of asset-backed commercial paper	—	33,547	—	33,547
Repayments of asset-backed commercial paper	—	(129,961)	—	(129,961)
Net decrease in unsecured commercial paper	—	(75,229)	—	(75,229)
Net increase in deposits	—	122,288	—	122,288
Dividends paid	(48,193)	—	—	(48,193)
Repurchase of common stock	(169,645)	—	—	(169,645)
Other financing activities	76	2,500	(2,500)	76
Net cash (used) provided by financing activities	(217,762)	245,098	(2,500)	24,836
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(729)	239	—	(490)
Net increase in cash, cash equivalents and restricted cash	\$ 34,606	\$ 55,064	\$ —	\$ 89,670
Cash, cash equivalents and restricted cash:				
Cash, cash equivalents and restricted cash, beginning of period	\$ 1,021,798	\$ 557,379	\$ —	\$ 1,579,177
Net increase in cash, cash equivalents and restricted cash	34,606	55,064	—	89,670
Cash, cash equivalents and restricted cash, end of period	\$ 1,056,404	\$ 612,443	\$ —	\$ 1,668,847

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Unless the context otherwise requires, all references to the "Company" include Harley-Davidson, Inc. and all its subsidiaries. Harley-Davidson, Inc. operates in three segments: Harley-Davidson Motor Company (HDMC), LiveWire and Harley-Davidson Financial Services (HDFS).

The "% Change" figures included in the Results of Operations sections were calculated using unrounded dollar amounts and may differ from calculations using the rounded dollar amounts presented. Certain "% Change" deemed not meaningful (NM) have been excluded.

### **(1) Note Regarding Forward-Looking Statements**

The Company intends that certain matters discussed in this report are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by reference to this footnote or because the context of the statement will include words such as the Company "believes," "anticipates," "expects," "plans," "may," "will," "estimates," "targets," "intends," "forecasts," "sees," "feels," or words of similar meaning. Similarly, statements that describe or refer to future expectations, future plans, strategies, objectives, outlooks, targets, guidance, commitments or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially, unfavorably or favorably, from those anticipated as of the date of this report. Certain of such risks and uncertainties are described in close proximity to such statements or elsewhere in this report, including under the caption "Cautionary Statements" in this Item 2, as well as in *Item 1A. Risk Factors*, as well as in *Item 1A. Risk Factors* of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in the "Key Factors Impacting the Company" and the "Guidance" sections in this Item 2 are only made as of July 25, 2024 and the remaining forward-looking statements in this report are made as of the date of the filing of this report (August 7, 2024), and the Company disclaims any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

### **Overview<sup>(1)</sup>**

Net income attributable to Harley-Davidson, Inc. was \$218.3 million, or \$1.63 per diluted share, in the second quarter of 2024 compared to \$178.0 million, or \$1.22 per diluted share, in the second quarter of 2023.

In the second quarter of 2024, HDMC segment operating income was \$197.9 million, up \$3.6 million from the second quarter of 2023. The increase in operating income from the HDMC segment for the second quarter of 2024 was driven primarily by higher motorcycle shipments and favorable mix partially offset by unfavorable impacts related to pricing and promotional costs to promote the sale of model year 2023 carryover inventory at dealers as well as higher manufacturing costs and operating expenses compared to the same quarter last year. Operating loss from the LiveWire segment in the second quarter of 2024 was \$28.2 million compared to an operating loss of \$32.0 million in the prior year quarter due primarily to lower operating expenses. Operating income from the HDFS segment in the second quarter of 2024 was \$71.4 million, up \$12.4 million compared to the prior year quarter due primarily to higher interest income partially offset by higher interest and operating expenses.

Worldwide retail sales of new Harley-Davidson motorcycles in the second quarter of 2024 declined 3% compared to the second quarter of 2023. Retail sales of Harley-Davidson motorcycles continued to be impacted by a challenging macro environment including high interest rates adversely impacting consumer discretionary spending. Retail sales in North America were down 0.6% with a decline in Canada offsetting a slight increase in the United States. Despite challenging conditions, retail sales were up 0.3% in the United States as they were positively impacted by sales of the Company's new model year 2024 Touring motorcycles. Retail sales were down 1.3% in EMEA and 16.0% in Asia-Pacific. Refer to the Harley-Davidson Motorcycles Retail Sales and Registration Data section for further discussion of retail sales results.

#### Key Factors Impacting the Company<sup>(1)</sup>

**Supply Matters** – During the second quarter of 2022, the Company received information from a Tier 2 supplier, Proterial Cable America, Inc. ("PCA" f/k/a Hitachi Cable America, Inc.), concerning a potential regulatory compliance matter relating to PCA's brake hose assemblies. As a result, out of an abundance of caution, the Company suspended all vehicle assembly and shipments for approximately two weeks during the second quarter of 2022. Since then, the Company has been working through the regulatory compliance matter with PCA, the Company's relevant Tier-1 suppliers, and the National Highway Traffic Safety Administration (NHTSA), the agency responsible for brake hose assembly compliance in the United States.

In connection with this matter, in July 2022, PCA notified NHTSA of a population of brake hose assemblies manufactured between May and July of 2022 that were non-compliant with select NHTSA laboratory test standards. Based on that filing, in August 2022, the Company notified NHTSA of the corresponding population of Harley-Davidson motorcycles containing those brake hose assemblies. In October 2022, PCA amended its original notification, expanding its population of non-compliant brake hose assemblies to include units produced by PCA for use in Harley-Davidson motorcycles beginning as early as model year 2008. In December 2022, the Company amended its August notification, expanding the population to also include Harley-Davidson motorcycles that contained PCA's newly identified brake hose assemblies. In March 2023, PCA again amended its NHTSA notification, identifying additional compliance issues with the previously identified brake hose assemblies. The Company followed PCA's March amendment with a derivative amended notification to NHTSA in May 2023.

In June 2023, the Company received a letter from PCA advising that PCA was investigating a new, separate potential quality issue with brake hose assemblies produced by PCA after the Company's 2022 production suspension. Due to this issue, the Company was forced to suspend production of most of the motorcycles manufactured at its York facility and run limited motorcycle manufacturing operations there for approximately two weeks. The Company continued to manufacture, among other motorcycles, the 2023 CVO Road Glide and Street Glide, which do not use PCA's brake hose assemblies. It also continued its normal motorcycle manufacturing operations at its international facilities. In connection with this matter, in late June 2023, PCA filed a new and separate NHTSA notification, identifying certain brake hose assemblies produced between June of 2022 and June of 2023 as noncompliant with select NHTSA laboratory test standards. The Company followed PCA's June 2023 notification by filing a derivative notification with NHTSA in early July 2023.

As permitted by federal law, both PCA and the Company have utilized NHTSA's standard process to petition the agency to determine that these compliance issues are inconsequential to motor vehicle safety ("Inconsequentiality Determinations"). If NHTSA makes the Inconsequentiality Determinations requested, the Company will be exempt from conducting a field action or recall of its motorcycles related to these matters.

In its inconsequentiality petitions, the Company has presented NHTSA with: (1) extensive independent, third-party and internal testing demonstrating that the brake hose assemblies at issue are robust to extreme conditions - which far exceed maximum expected motorcycle lifetime demands - with no impact to brake performance; and (2) real-world field safety data showing no documented crashes or injuries attributable to the identified compliance issues for the relevant affected populations. The Company believes its petitions are closely comparable to inconsequentiality petitions that have resulted in successful inconsequentiality determinations in the past. The Company is also confident that its position that the compliance issues are inconsequential to motor vehicle safety is strong and, therefore, no field action or recall will be necessary.

Based on its expectation that NHTSA will make Inconsequentiality Determinations, the Company does not expect that these regulatory noncompliance matters will result in material costs in the future, and no costs have been accrued to date. However, it is possible that a field action or recall could be required that could cause the Company to incur material costs. There are several variables and uncertainties associated with any potential field action or recall that are not yet fully known including, but not limited to, the population of brake hose assemblies and motorcycles, the specific field action or recall required, the complexity and cost of the required repair, the need for and availability of replacement parts, the suppliers of replacement parts and the number of motorcycle owners that would participate. The Company estimates, based on its available information and assumptions, that the cost of a potential field action or recall in the aggregate, if any were to occur, could range from approximately \$100 million to \$400 million. The Company continues to evaluate and update its estimates as it learns more about these regulatory matters, including the variables and uncertainties discussed above. The Company also continues to maintain its expectation that NHTSA will make the requested Inconsequentiality Determinations and that these regulatory matters will not result in any material field action or recall costs. If a material field action or recall were to result, the Company would seek full recovery of those amounts.

**Interest Rates** - Interest rates increased significantly during 2022 and into 2023 as central banks attempted to reduce inflation. The current higher interest rate environment has adversely impacted HDFS' interest income margin due to a higher cost of funds that is only partially offset by increased interest rates on financing products sold by HDFS. Additionally, higher interest rates have adversely impacted consumer discretionary purchases, like purchases of the Company's motorcycles, as higher borrowing costs have made these purchases less affordable or impacted the consumer's ability to obtain financing. While the Company expects interest rates to moderate, interest rates remained heightened during the first six months of 2024.

**Suspension of Additional European Union Tariffs** – In April 2021, the Company received notification from the Economic Ministry of Belgium that, following a request from the European Union (EU), the Company would be subject to revocation of the Binding Origin Information (BOI) decisions that allowed it to supply its EU markets with certain motorcycles produced at its Thailand manufacturing facility at tariff rates of 6%. As a result of the revocation, all non-electric motorcycles that Harley-Davidson imported into the EU, regardless of origin, were subject to a total tariff rate of 31% from April 19, 2021 through the end of 2021. On October 30, 2021, the U.S. and EU announced an agreement related to the Section 232 tariffs on steel and aluminum that were implemented in 2018 by the U.S. and the subsequent rebalancing tariff measures taken by the EU. This agreement suspended the additional tariffs initially imposed by the EU on the Company's motorcycles, reducing the total EU tariff rate on the Company's motorcycles from 31% to 6%, effective January 1, 2022. The lower 6% tariff rate applies to all motorcycles imported by the Company into the EU, regardless of origin. Under the initial agreement between the U.S. and the EU, the lower tariff rate remained in effect until December 31, 2023. In December 2023, the EU extended its suspension of the additional tariffs through March 31, 2025 and the U.S. extended its suspension of the additional tariffs through December 31, 2025. The U.S. and EU will monitor and review the operation of the extended agreement, seeking to conclude the negotiations on steel and aluminum tariffs by March 31, 2025. These negotiations are ongoing, and there are no assurances the U.S. and EU will reach a resolution that concludes the trade conflict on steel and aluminum tariffs beyond March 31, 2025.

To date, the Company continues to pursue its appeals of the revocation of the BOI decisions and the denial of its application for temporary extended reliance on the 6% tariff rate (for motorcycles produced in Thailand and ordered prior to April 19, 2021), although there is no assurance that these appeals will continue or be successful.

**Guidance<sup>(1)</sup>**

On July 25, 2024, the Company reaffirmed its expectations for HDFS and LiveWire for 2024 and revised its expectations for both HDMC and the Company's planned share repurchases:

Based on results for the first half of 2024, the Company now expects HDMC revenue to be down 5% to down 9% in 2024 compared to 2023. The Company's previous expectation was for HDMC revenue to be flat to down 9% compared to 2023. The Company continues to expect that, for the full-year 2024, wholesale unit shipments of Harley-Davidson motorcycles will be in balance with dealer retail unit sales of new Harley-Davidson motorcycles resulting in a dealer inventory level at the end of 2024 that is similar to the end of 2023. Therefore, the Company now expects both wholesale shipments and retail sales to be within a range of approximately 163,000 to 168,000 units for the full year of 2024, down from its previous expectation for wholesale shipments and retail sales that were within a range of approximately 163,000 to 178,000 units in 2024. Based on the updated unit expectations for 2024, retail unit sales in 2024 are expected to be flat to up 3% compared to 2023 and wholesale unit shipments are expected to be down 7% to down 10% compared to 2023. In addition, the Company's revenue expectation for 2024 also reflects expectations that (i) pricing will be down slightly compared to 2023 given the elimination of the pricing surcharge late in 2023 and a fine-tuned pricing strategy in 2024, especially with respect to the Company's new Touring models, (ii) the impact of motorcycle shipment mix will be favorable compared to 2023 given the Company's continued focus on core products as part of The Hardwire strategy and (iii) there will be an adverse impact from foreign currency exchange rates in 2024.

Given the updated expectations for revenue and wholesale unit shipments, the Company now expects HDMC operating margin as a percent of revenue to be 10.6% to 11.6% in 2024, which is lower than its previous expectation of 12.6% to 13.6% in 2024. The Company continues to believe the expected decline in operating margin in 2024 compared to 2023 will be due to (i) lower expected wholesale unit volumes compared to 2023 and the resulting negative impact of higher costs per unit, (ii) lower overall pricing compared to 2023 and continued modest supply chain inflation, and (iii) the impact of unfavorable foreign currency exchange rates. Finally, the Company also expects some incremental manufacturing costs in 2024 due primarily to the re-alignment of factory processes in the initial year of production of its new model year 2024 Touring motorcycles.

The Company continues to expect LiveWire motorcycle sales of 1,000 to 1,500 units in 2024 and expects LiveWire's operating loss for 2024 to be \$105 million to \$115 million.

The Company continues to expect HDFS operating income to be flat to up 5% in 2024 compared to 2023. The Company expects HDFS results to stabilize in 2024 as it compares to the higher interest rate environment that began in 2022 and with a

moderation in borrowing costs in 2024 based on anticipated actions of the U.S. Federal Reserve. The Company also expects the average yield on the retail and wholesale finance receivable portfolios to be more in-line with the recent higher interest rate environment as the retail portfolio shifts to include a higher mix of recent loans with higher interest rates resulting in greater interest revenue. Additionally, the Company expects the credit loss rate will begin to moderate in the second half of 2024 and into 2025 compared to the second half of 2023 through the first half of 2024 as consumers adjust to the existing economic environment.

In 2022 the Company set a productivity target to eliminate \$400 million of incremental cost incurred since 2020 by 2025. This target originally included a positive impact from manufacturing leverage of approximately \$50 million to \$70 million based on an anticipated reduction in the fixed cost per motorcycle associated with increasing production volumes. Given the decrease in production volumes in 2023 and the expected decrease in 2024, the Company has adjusted the target by removing the impact of manufacturing leverage and increasing productivity objectives in other areas. The total productivity target remains at \$400 million. Excluding the impact of manufacturing leverage, the Company achieved approximately \$24 million in productivity savings in 2022 and approximately \$123 million in 2023. The previously reported productivity savings, which included the impact of manufacturing leverage (whether positive or negative) were approximately \$50 million and \$70 million in 2022 and 2023, respectively. The Company remains focused on production efficiency, logistics network optimization and supplier cost optimization through consolidation and regionalization in 2024. The Company continues to expect approximately \$100 million of additional cost productivity savings in 2024 and achieved savings of approximately \$50 million during the first half of 2024.

The Company continues to expect capital investments in 2024 of between \$225 and \$250 million. The Company plans to continue to invest in product development and capability enhancements that support The Hardwire strategy. The Company's focus remains on core product innovation, investments in manufacturing to automate and reduce costs to improve productivity as well as planned investments for LiveWire.

The Company's capital allocation priorities remain to fund profitable growth through The Hardwire initiatives, to pay dividends, and to execute share repurchases on a discretionary basis. In July 2024, the Company announced plans to repurchase approximately \$1 billion of shares on a discretionary basis in aggregate starting in the third quarter of 2024 through the end of 2026. As a result, the Company now plans to repurchase up to \$500 million of shares in 2024. Share repurchases in 2024 were previously planned to be at a level similar to 2023 which included \$350 million of discretionary share repurchases. The Company believes this plan highlights its operating discipline, its overall cash flow generation and long-term earnings power as reflected by its continued commitment to deliver a 15% HDMC operating income margin by the end of 2025.

**Results of Operations for the Three Months Ended June 30, 2024  
Compared to the Three Months Ended June 30, 2023**

**Consolidated Results**

(in thousands, except earnings per share)	Three months ended		Increase (Decrease)	% Change
	June 30, 2024	June 30, 2023		
Operating income - HDMC	\$ 197,905	\$ 194,337	\$ 3,568	1.8 %
Operating loss - LiveWire	(28,166)	(31,984)	3,818	(11.9)
Operating income - HDFS	71,363	58,985	12,378	21.0
Operating income	241,102	221,338	19,764	8.9 %
Other income, net	15,879	7,226	8,653	119.7
Investment income	14,811	11,151	3,660	32.8
Interest expense	7,680	7,696	(16)	(0.2)
Income before income taxes	264,112	232,019	32,093	13.8 %
Income tax provision	48,706	58,189	(9,483)	(16.3)
Net income	215,406	173,830	41,576	23.9 %
Less: Loss attributable to noncontrolling interests	2,863	4,209	(1,346)	(32.0)
Net income attributable to Harley-Davidson, Inc.	\$ 218,269	\$ 178,039	\$ 40,230	22.6 %
Diluted earnings per share	\$ 1.63	\$ 1.22	\$ 0.41	33.6

The Company reported operating income of \$241.1 million in the second quarter of 2024 compared to \$221.3 million in the same period last year. The HDMC segment reported operating income of \$197.9 million in the second quarter of 2024, a decrease of \$3.6 million compared to the second quarter of 2023. Operating loss from the LiveWire segment increased \$3.8 million compared to the second quarter of 2023. Operating income from the HDFS segment increased \$12.4 million compared to the second quarter of 2023. Refer to the HDMC Segment, LiveWire Segment and HDFS Segment sections for a more detailed discussion of the factors affecting operating results.

Other income in the second quarter of 2024 was higher than in the second quarter of 2023, impacted by a benefit related to LiveWire's warrant liability, which decreased in fair value, partially offset by lower non-operating income related to the Company's defined benefit plans.

The Company's effective income tax rate for the second quarter of 2024 was 18.4% compared to 25.1% for the second quarter of 2023. The decrease in the effective tax rate for the second quarter was attributable to changes in the mix of earnings for foreign jurisdictions that are taxed at rates that differ from the U.S. statutory rate.

Diluted earnings per share was \$1.63 in the second quarter of 2024, up 33.6% from the same period last year. Diluted weighted average shares outstanding decreased from 145.8 million in the second quarter of 2023 to 134.1 million in the second quarter of 2024, driven by the Company's discretionary repurchases of common stock. Refer to Liquidity and Capital Resources for additional information concerning the Company's share repurchase activity.

## Harley-Davidson Motorcycles Retail Sales and Registration Data

### Harley-Davidson Motorcycle Retail Sales<sup>(a)</sup>

Retail unit sales of new Harley-Davidson motorcycles were as follows:

	Three months ended		Increase (Decrease)	% Change	
	June 30, 2024	June 30, 2023			
United States	32,258	32,161	97	0.3	%
Canada	2,579	2,899	(320)	(11.0)	
North America	34,837	35,060	(223)	(0.6)	
Europe/Middle East/Africa (EMEA)	8,015	8,120	(105)	(1.3)	
Asia Pacific	6,322	7,525	(1,203)	(16.0)	
Latin America	824	821	3	0.4	
	49,998	51,526	(1,528)	(3.0)	%

(a) Data source for retail sales figures shown above is new sales warranty and registration information provided by dealers and compiled by the Company. The Company must rely on information that its dealers supply concerning new retail sales, and the Company does not regularly verify the information that its dealers supply. This information is subject to revision.

During the second quarter of 2024, retail sales in North America were down 0.6% with a decline in Canada offsetting a slight increase in the United States. The improvement in the United States was more than offset by a decline in international markets, including a 16.0% decrease in Asia Pacific as well as a 1.3% decrease in Europe.

U.S. retail sales were positively impacted by the Company's new 2024 model year motorcycles driven by sales of the new Touring models despite a continued challenging macro environment which included high interest rates adversely impacting consumer discretionary spending. The Company's retail sales also benefited from promotions focused on the sale of model year 2023 carryover inventory at dealers. Retail sales in Asia Pacific, Canada and Europe were soft primarily due to challenging macroeconomic conditions. In Asia Pacific, the decline in retail sales was primarily due to lower sales in China, while lower retail unit sales in Europe were led by a decline in Germany.

Worldwide retail inventory of new motorcycles was approximately 68,000 units at the end of the second quarter of 2024, or up approximately 47% compared to the end of the second quarter of 2023, but remained lower than historical levels experienced prior to 2020. The Company believes current overall dealer inventory of new motorcycles is appropriate during the riding season and considering the recent launch of new model year 2024 motorcycles. Retail inventory of new motorcycles is based on units at the end of the quarter rather than average monthly inventory levels within the quarter.

## HDMC Segment

### Harley-Davidson Motorcycle Unit Shipments

Motorcycle unit shipments were as follows:

	Three months ended						Unit Increase (Decrease)	Unit % Change	
	June 30, 2024			June 30, 2023					
	Units	Mix %		Units	Mix %				
U.S. motorcycle shipments	32,334	65.1	%	24,229	56.4	%	8,105	33.5	%
Worldwide motorcycle shipments:									
Grand American Touring <sup>(a)</sup>	29,345	59.1	%	20,270	47.2	%	9,075	44.8	%
Cruiser	14,410	29.0	%	15,476	36.0	%	(1,066)	(6.9)	
Sport and Lightweight	4,094	8.3	%	6,161	14.4	%	(2,067)	(33.5)	
Adventure Touring	1,811	3.6	%	1,027	2.4	%	784	76.3	
	49,660	100.0	%	42,934	100.0	%	6,726	15.7	%

(a) Includes Trike

The Company shipped 49,660 motorcycles worldwide during the second quarter of 2024, which was 15.7% higher than the second quarter of 2023. Shipments to dealers in the second quarter of 2024 were higher than the second quarter of 2023 when shipments were adversely impacted by an unplanned suspension at the Company's U.S. manufacturing operations. In addition, the Company shipped a greater proportion of Grand American Touring models to improve availability of models most desired by customers during the riding season.

### Segment Results

Condensed statements of operations for the HDMC segment were as follows (dollars in thousands):

	Three months ended				
	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change	
Revenue:					
Motorcycles	\$ 1,068,693	\$ 890,919	\$ 177,774	20.0	%
Parts and accessories	193,865	215,520	(21,655)	(10.0)	
Apparel	63,393	66,356	(2,963)	(4.5)	
Licensing	5,485	5,116	369	7.2	
Other	17,470	20,225	(2,755)	(13.6)	
	1,348,906	1,198,136	150,770	12.6	
Cost of goods sold	915,780	780,662	135,118	17.3	
Gross profit	433,126	417,474	15,652	3.7	
Operating expenses:					
Selling & administrative expense	208,829	195,350	13,479	6.9	
Engineering expense	26,392	27,787	(1,395)	(5.0)	
	235,221	223,137	12,084	5.4	
Operating income	\$ 197,905	\$ 194,337	\$ 3,568	1.8	%
Operating margin	14.7 %	16.2 %	(1.5) pts.		



The estimated impact of significant factors affecting the comparability of net revenue, cost of goods sold and gross profit from the second quarter of 2023 to the second quarter of 2024 were as follows (in millions):

	Net Revenue	Cost of Goods Sold	Gross Profit
Three months ended June 30, 2023	\$ 1,198.1	\$ 780.6	\$ 417.5
Volume	126.5	86.1	40.4
Price and sales incentives	(44.7)	—	(44.7)
Foreign currency exchange rates and hedging	(12.4)	1.9	(14.3)
Shipment mix	81.4	30.5	50.9
Raw material prices	—	(8.1)	8.1
Manufacturing and other costs	—	24.8	(24.8)
	150.8	135.2	15.6
Three months ended June 30, 2024	\$ 1,348.9	\$ 915.8	\$ 433.1

Factors affecting the comparability of net revenue, cost of goods sold and gross profit from the second quarter of 2023 to the second quarter of 2024 were as follows:

- The increase in volume was primarily due to higher motorcycle shipments.
- Revenue was adversely impacted by the elimination of the pricing surcharge late in 2023 and a fine-tuned pricing strategy for 2024 as well as higher promotional costs to promote the sale of model year 2023 carryover inventory at dealers.
- Revenue and gross profit were unfavorably impacted by weaker average foreign currency exchange rates relative to the U.S. dollar compared to the same quarter last year.
- Changes in the shipment mix had a favorable impact on gross profit as the Company shipped a greater proportion of Grand American Touring models during the quarter.
- Raw material costs benefited from continued moderation in the rate of inflation.
- Manufacturing and other costs were negatively impacted by continued moderate inflation and a ratification bonus related to the new collective bargaining agreements with hourly employees in Wisconsin. These negative impacts were partially offset by productivity gains related to reduced reliance on expedited freight and reduced ocean freight rates.

Operating expenses were up in the second quarter of 2024 compared to the same period last year primarily due to an increase in warranty expenses and employee exit costs for select headcount reductions that the Company made in connection with its on-going effort to aggressively manage operating expenses and increase productivity.

#### LiveWire Segment

#### Segment Results

Condensed statements of operations for the LiveWire segment were as follows (in thousands, except unit shipments):

	Three months ended		(Decrease) Increase	% Change	
	June 30, 2024	June 30, 2023			
Revenue	\$ 6,448	\$ 7,026	\$ (578)	(8.2)	%
Cost of goods sold	8,232	9,966	(1,734)	(17.4)	
Gross profit	(1,784)	(2,940)	1,156	(39.3)	
Selling, administrative and engineering expense	26,382	29,044	(2,662)	(9.2)	
Operating loss	\$ (28,166)	\$ (31,984)	\$ 3,818	(11.9)	%
LiveWire motorcycle unit shipments	158	33	125	378.8	%

During the second quarter of 2024, revenue decreased by \$0.6 million, or 8.2%, compared to the second quarter of 2023. The decrease was primarily due to lower electric balance bike volumes partially offset by an increase in electric motorcycle units sold during the quarter as compared to the same period last year. Cost of sales decreased by \$1.7 million, or 17.4%, during the second quarter of 2024 compared to the second quarter of 2023 due primarily to lower electric balance bike volumes.

During the second quarter of 2024, selling, administrative and engineering expense decreased \$2.7 million compared to the second quarter of 2023 largely as a result of cost reduction initiatives.

## HDFS Segment

### Segment Results

Condensed statements of operations for the HDFS segment were as follows (in thousands):

	Three months ended		Increase (Decrease)	% Change
	June 30, 2024	June 30, 2023		
Revenue:				
Interest income	\$ 222,578	\$ 196,809	\$ 25,769	13.1 %
Other income	40,961	43,552	(2,591)	(5.9)
	263,539	240,361	23,178	9.6
Expenses:				
Interest expense	93,741	86,005	7,736	9.0
Provision for credit losses	56,030	57,278	(1,248)	(2.2)
Operating expense	42,405	38,093	4,312	11.3
	192,176	181,376	10,800	6.0
Operating income	\$ 71,363	\$ 58,985	\$ 12,378	21.0 %

Interest income was higher for the second quarter of 2024 compared to the same period last year, primarily due to higher average outstanding finance receivables at a higher average yield. Other income decreased in part due to reduced investment income and unfavorable licensing revenue. Interest expense increased due to higher average interest rates on higher average outstanding debt and deposits.

The provision for credit losses decreased \$1.2 million compared to the second quarter of 2023 driven by a favorable change in the allowance for credit losses partially offset by higher actual credit losses. The favorable change in the allowance for credit losses was due to a smaller increase in the retail reserve rate and slower receivables growth compared to the second quarter of 2023.

The allowance for credit losses considers current economic conditions and the Company's outlook on future conditions. At the end of the second quarter of 2024, the Company's outlook on economic conditions and its probability weighting of its economic forecast scenarios was weighted toward more pessimistic scenarios given continued challenging macro-economic conditions, including a persistently high interest rate environment, elevated inflation levels, and muted consumer confidence. Refer to the *Results of Operations for the Six Months Ended June 30, 2024 Compared to the Six Months ended June 30, 2023* for a discussion of 2024 annualized credit losses.

Operating expenses increased \$4.3 million compared to the second quarter of 2023 due in part to a loss on a securitization interest rate cap derivative valuation versus a gain in the prior year and higher repossession costs.

Changes in the allowance for credit losses on finance receivables were as follows (in thousands):

	Three months ended	
	June 30, 2024	June 30, 2023
Balance, beginning of period	\$ 380,361	\$ 358,431
Provision for credit losses	56,030	57,278
Charge-offs, net of recoveries	(42,874)	(33,929)
Balance, end of period	\$ 393,517	\$ 381,780

**Results of Operations for the Six Months Ended June 30, 2024  
Compared to the Six Months Ended June 30, 2023**

**Consolidated Results**

(in thousands, except earnings per share)	Six months ended		(Decrease) Increase	% Change
	June 30, 2024	June 30, 2023		
Operating income - HDMC	\$ 436,351	\$ 530,073	\$ (93,722)	(17.7)%
Operating loss - LiveWire	(57,407)	(56,531)	(876)	1.5
Operating income - HDFS	125,238	117,405	7,833	6.7
Operating income	504,182	590,947	(86,765)	(14.7)
Other income, net	36,443	27,322	9,121	33.4
Investment (loss) income	29,215	21,176	8,039	38.0
Interest expense	15,359	15,416	(57)	(0.4)
Income before income taxes	554,481	624,029	(69,548)	(11.1)
Provision for income taxes	106,842	148,370	(41,528)	(28.0)
Net income	\$ 447,639	\$ 475,659	\$ (28,020)	(5.9)%
Less: Loss attributable to noncontrolling interests	5,571	6,470	(899)	(13.9)%
Net income attributable to Harley-Davidson, Inc.	453,210	482,129	(28,919)	(6.0)%
Diluted earnings per share	\$ 3.34	\$ 3.27	\$ 0.07	2.1 %

The Company reported operating income of \$504.2 million in the first six months of 2024 compared to \$590.9 million in the same period last year. HDMC segment operating income was \$436.4 million in the first six months of 2024, down \$93.7 million compared to the same period last year. Operating loss from the LiveWire segment increased \$0.9 million compared to the first six months of 2023. Operating income from the HDFS segment increased \$7.8 million compared to the first six months of 2023. Refer to the HDMC Segment, LiveWire Segment and HDFS Segment discussions for a more detailed analysis of the factors affecting operating income.

Other income in the first six months of 2024 was higher than the same period last year impacted by a benefit related to LiveWire's warrant liability, which decreased in fair value, partially offset by lower non-operating income related to the Company's defined benefit plans.

The Company's effective income tax rate for the first six months of 2024 was 19.3% compared to 23.8% for the same period in 2023. The decrease in the effective tax rate for the first six months of 2024 was attributable to changes in the mix of earnings for foreign jurisdictions that are taxed at rates that differ from the U.S. statutory rate.

Diluted earnings per share was \$3.34 in the first six months of 2024, up from diluted earnings per share of \$3.27 for the same period last year, despite lower net income, due to the impact of lower diluted weighted average shares outstanding. Diluted weighted average shares outstanding decreased from 147.4 million in the first six months of 2023 to 135.5 million in the first six months of 2024, driven by the Company's discretionary repurchases of common stock. Please refer to Liquidity and Capital Resources for additional information concerning the Company's share repurchase activity.

## Harley-Davidson Motorcycles Retail Sales and Registration Data

### Harley-Davidson Motorcycle Retail Sales<sup>(a)</sup>

Retail unit sales of new Harley-Davidson motorcycles were as follows:

	Six months ended		Increase (Decrease)	% Change
	June 30, 2024	June 30, 2023		
United States	57,984	56,438	1,546	2.7 %
Canada	4,339	4,643	(304)	(6.5)
North America	62,323	61,081	1,242	2.0
Europe/Middle East/Africa (EMEA)	13,279	14,037	(758)	(5.4)
Asia Pacific	12,356	14,406	(2,050)	(14.2)
Latin America	1,445	1,427	18	1.3
	89,403	90,951	(1,548)	(1.7) %

(a) Data source for retail sales figures shown above is new sales warranty and registration information provided by dealers and compiled by the Company. The Company must rely on information that its dealers supply concerning new retail sales, and the Company does not regularly verify the information that its dealers supply. This information is subject to revision.

Worldwide retail sales of new Harley-Davidson motorcycles were down 1.7% during the first six months of 2024 compared to the same period last year driven primarily by a declines in Asia Pacific and Europe, partially offset by an increase in the United States. Retail sales in the United States were positively impacted by the Company's new 2024 model year Touring models despite a continued challenging macro environment which included high interest rates adversely impacting consumer discretionary spending. The Company's retail sales also benefited from promotions focused on the sale of model year 2023 carryover inventory at dealers. Retail sales in Asia Pacific and Europe were soft primarily due to challenging macroeconomic conditions. In Asia Pacific, the decline in retail sales was primarily due to lower sales in China, while lower retail unit sales in Europe were driven primarily by declines in Germany.

### Motorcycle Registration Data and Market Share – 601+cc <sup>(a)</sup>

The Company's U.S. market share of new 601+cc motorcycles increased during the first six months of 2024 compared to the first six months of 2023 on higher retail sales relative to the industry. The Company's European market share of new 601+cc motorcycles for first six months of 2024 was down compared to the first six months of 2023. Industry retail registration data for new motorcycles and the Company's market share was as follows:

	Six months ended		(Decrease) Increase	% Change
	June 30, 2024	June 30, 2023		
Industry new motorcycle registrations:				
United States <sup>(b)</sup>	149,686	150,851	(1,165)	(0.8) %
Europe <sup>(c)</sup>	296,711	288,623	8,088	2.8 %
Harley-Davidson market share data:				
United States <sup>(b)</sup>	38.5 %	36.7 %	1.8 pts.	
Europe <sup>(c)</sup>	4.5 %	4.8 %	(0.3) pts.	

(a) Data includes on-road models with internal combustion engines with displacements greater than 600cc's and electric motorcycles with kilowatt (kW) peak power equivalents greater than 600cc's (601+cc). On-road 601+cc models include dual purpose models, three-wheeled motorcycles and autocycles.

(b) United States industry data is derived from information provided by Motorcycle Industry Council. This third-party data is subject to revision and update.

(c) Europe data includes Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom. Industry data is derived from information provided by Management Services Helwig Schmitt GmbH. This third-party data is subject to revision and update.

## HDMC Segment

### Motorcycle Unit Shipments

Motorcycle unit shipments were as follows:

	Six months ended						Unit Increase (Decrease)	Unit % Change	
	June 30, 2024			June 30, 2023					
	Units	Mix %		Units	Mix %				
U.S. motorcycle shipments	73,911	68.9	%	66,817	63.5	%	7,094	10.6	%
Worldwide motorcycle shipments:									
Grand American Touring <sup>(a)</sup>	64,701	60.3	%	52,489	49.9	%	12,212	23.3	%
Cruiser	30,101	28.0	%	36,734	34.9	%	(6,633)	(18.1)	
Sport and Lightweight	9,057	8.5	%	12,746	12.2	%	(3,689)	(28.9)	
Adventure Touring	3,473	3.2	%	3,202	3.0	%	271	8.5	
	107,332	100.0	%	105,171	100.0	%	2,161	2.1	%

(a) Includes Trike

The Company shipped 107,332 motorcycles worldwide during the first six months of 2024, which was 2.1% higher than the same period in 2023 when shipments were adversely impacted by an unplanned suspension at the Company's U.S. manufacturing operations. The motorcycles shipped during the first six months of 2024 compared to the same period last year included a higher mix of Grand American Touring motorcycles shipped as a percent of total shipments to improve availability of models most desired by customers during the riding season.

### Segment Results

Condensed statements of operations for the HDMC segment were as follows (dollars in thousands):

	Six months ended				
	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change	
Revenue:					
Motorcycles	\$ 2,290,233	\$ 2,193,297	\$ 96,936	4.4	%
Parts and accessories	360,058	383,192	(23,134)	(6.0)	
Apparel	127,504	137,747	(10,243)	(7.4)	
Licensing	14,414	11,326	3,088	27.3	
Other	32,803	30,403	2,400	7.9	
	2,825,012	2,755,965	69,047	2.5	
Cost of goods sold	1,930,816	1,781,465	149,351	8.4	
Gross profit	894,196	974,500	(80,304)	(8.2)	
Operating expenses:					
Selling & administrative expense	408,720	392,790	15,930	4.1	
Engineering expense	49,125	51,637	(2,512)	(4.9)	
	457,845	444,427	13,418	3.0	%
Operating income	\$ 436,351	\$ 530,073	\$ (93,722)	(17.7)	%
Operating margin	15.4 %	19.2 %	(3.8) pts.		

The estimated impacts of significant factors affecting the comparability of net revenue, cost of goods sold and gross profit from the first six months of 2023 to the first six months of 2024 were as follows (in millions):

	Net Revenue	Cost of Goods Sold	Gross Profit
Six months ended June 30, 2023	\$ 2,756.0	\$ 1,781.5	\$ 974.5
Volume	23.3	13.9	9.4
Price and sales incentives	(92.1)	—	(92.1)
Foreign currency exchange rates and hedging	(12.4)	6.0	(18.4)
Shipment mix	150.2	92.0	58.2
Raw material prices	—	(9.4)	9.4
Manufacturing and other costs	—	46.8	(46.8)
	69.0	149.3	(80.3)
Six months ended June 30, 2024	\$ 2,825.0	\$ 1,930.8	\$ 894.2

Factors affecting the comparability of net revenue, cost of goods sold and gross profit from the first six months of 2023 to the first six months of 2024 were as follows:

- The increase in volume was primarily due to higher motorcycle shipments.
- Revenue was adversely impacted by the elimination of the pricing surcharge late in 2023, a fine-tuned pricing strategy for 2024 and higher promotional costs to promote the sale of model year 2023 carryover inventory at dealers.
- Revenue and gross profit were negatively impacted by weaker average foreign currency exchange rates relative to the U.S. dollar as well as unfavorable net foreign currency losses associated with hedging recorded in cost of goods sold.
- Changes in the shipment mix of motorcycles had a favorable impact on gross profit as the Company shipped a greater proportion of Grand American Touring models in the first six months of 2024 compared to the same period in 2023.
- Raw material costs benefited from continued moderation in the rate of inflation.
- Manufacturing and other costs were negatively impacted by lower manufacturing leverage, continued moderate inflation and a ratification bonus related to the new collective bargaining agreements with hourly employees in Wisconsin. The lower manufacturing leverage related to units shipped at the start of 2024 but produced in the fourth quarter of 2023, in advance of the new model year launch, when production volumes were lower compared to the prior year period which resulted in a higher fixed cost per unit. These negative impacts were partially offset by productivity gains, including reduced reliance on expedited freight as well as reduced ocean freight rates.

Operating expenses were higher in the first six months of 2024 compared to the same period last year primarily due to an increase in warranty expenses and employee exit costs for select headcount reductions that the Company made in connection its on-going effort to aggressively manage operating expenses and increase productivity.

## LiveWire Segment

### Segment Results

Condensed statements of operations for the LiveWire segment were as follows (in thousands, except unit shipments):

	Six months ended				% Change	
	June 30, 2024	June 30, 2023	(Decrease) Increase			
Revenue	\$ 11,152	\$ 14,788	\$ (3,636)	(24.6)	%	
Cost of goods sold	16,877	16,464	413	2.5		
Gross profit	(5,725)	(1,676)	(4,049)		NM	
Selling, administrative and engineering expense	51,682	54,855	(3,173)	(5.8)		
Operating loss	\$ (57,407)	\$ (56,531)	\$ (876)	1.5	%	
LiveWire motorcycle unit shipments	275	96	179	186.5		

During the first six months of 2024, revenue decreased by \$3.6 million, or 24.6%, compared to the first six months of 2023. The decrease was primarily due to lower electric balance bike volumes partially offset by an increase in electric motorcycle volumes sold during the first six months of 2024 as compared to the same period last year. Cost of sales increased by \$0.4 million, or 2.5%, during the first six months of 2024 compared to the first six months of 2023 on higher electric motorcycle volumes.

During the first six months of 2024, selling, administrative and engineering expense decreased \$3.2 million, or 5.8%, compared to the first six months of 2023 largely as a result of cost reduction initiatives.

## HDFS Segment

### Segment Results

Condensed statements of operations for the HDFS segment were as follows (in thousands):

	Six months ended				% Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)			
Revenue:						
Interest income	\$ 433,913	\$ 379,079	\$ 54,834	14.5	%	
Other income	78,423	84,377	(5,954)	(7.1)		
	512,336	463,456	48,880	10.5		
Expenses:						
Interest expense	182,480	159,554	22,926	14.4		
Provision for credit losses	117,040	109,642	7,398	6.7		
Operating expense	87,578	76,855	10,723	14.0		
	387,098	346,051	41,047	11.9		
Operating income	\$ 125,238	\$ 117,405	\$ 7,833	6.7	%	

Interest income was higher for the first six months of 2024, primarily due to higher average outstanding finance receivables at a higher average yield. Other income decreased largely due to lower investment income and lower licensing and insurance revenues. Interest expense increased due to higher average interest rates on higher average outstanding debt and deposits.

The provision for credit losses was \$7.4 million higher in the first six months of 2024 as compared to the prior year primarily due to higher actual credit losses partially offset by a favorable change in the allowance for credit losses. The favorable change in the allowance for credit losses in the first six months of 2024 was primarily due to a smaller increase in the reserve rate as compared to the first six months of 2023. The Company's outlook on economic conditions and its

probability weighting of its economic forecast scenarios at the end of the second quarter of 2024 were weighted towards more pessimistic scenarios given continued challenging macro-economic conditions, including a persistently high interest rate environment, elevated inflation levels, and muted consumer confidence. The Company's expectations surrounding its economic forecasts may change in future periods as additional information becomes available.

Annualized credit losses on the Company's retail motorcycle loans were 3.12% at the end of the second quarter of 2024 compared to 2.61% at the end of the second quarter of 2023. The 30-day delinquency rate for retail motorcycle loans at June 30, 2024 increased to 3.92% from 3.63% at June 30, 2023. The unfavorable retail credit loss and delinquency performance were driven by several factors connected to the macro-economic environment and related customer and industry dynamics, including the impact of higher motorcycle payments and general inflationary pressures on customers. Additionally, the Company continues to experience downward pressure on recovery values at auction.

Operating expenses increased \$10.7 million in the first six months of 2024 compared to the first six months of 2023 due in part to higher repossession costs, unfavorable foreign currency rates, and higher tax-related expenses.

Changes in the allowance for credit losses on finance receivables were as follows (in thousands):

	Six months ended	
	June 30, 2024	June 30, 2023
Balance, beginning of period	\$ 381,966	\$ 358,711
Provision for credit losses	117,040	109,642
Charge-offs, net of recoveries	(105,489)	(86,573)
Balance, end of period	\$ 393,517	\$ 381,780

#### Other Matters

#### Commitments and Contingencies

The Company is subject to lawsuits and other claims related to product, product recall, commercial, employee, environmental and other matters. In determining costs to accrue related to these items, the Company carefully analyzes cases and considers the likelihood of adverse judgments or outcomes, as well as the potential range of possible loss. Any amounts accrued for these matters are monitored on an ongoing basis and are updated based on new developments or new information as it becomes available for each matter. Refer to *Note 14 of the Notes to Consolidated financial statements* for a discussion of the Company's commitments and contingencies.



## Liquidity and Capital Resources

The Company's strategy is to maintain a minimum of twelve months of its projected liquidity requirements through a combination of cash and cash equivalents and availability under its credit facilities. The Company believes its current cash, cash equivalents and availability under its credit facilities are sufficient to meet its liquidity requirements, consistent with this strategy.

The Company expects to fund its on-going operations (excluding the origination of finance receivables) and its capital allocation priorities including capital expenditures, dividends and discretionary share repurchases primarily with cash flows from operating activities and cash and cash equivalents on hand.<sup>(1)</sup> The Company expects to fund the origination of finance receivables primarily with unsecured debt, unsecured commercial paper, asset-backed commercial paper conduit facilities, committed unsecured bank facilities, asset-backed securitizations and brokered certificates of deposit.<sup>(1)</sup>

The Company's cash and cash equivalents and availability under its credit and conduit facilities at June 30, 2024 were as follows (in thousands):

Cash and cash equivalents <sup>(a)</sup>	\$	1,849,159
U.S. commercial paper conduit facility:		
Asset-backed U.S. commercial paper conduit facility <sup>(b)</sup>		1,500,000
Borrowings against committed facility		(435,930)
Net asset-backed U.S. commercial paper conduit committed facility availability		1,064,070
Canadian commercial paper conduit facility <sup>(b)(c)</sup>		
Asset-backed Canadian commercial paper conduit facility <sup>(b)(c)</sup>		120,620
Borrowings against committed facility		(91,379)
Net asset-backed Canadian commercial paper conduit facility		29,241
Availability under credit and conduit facilities:		
Credit facilities		1,420,000
Commercial paper outstanding		(497,792)
Net credit facility availability		922,208
	\$	3,864,678

(a) Includes \$113.0 million of cash and cash equivalents held by LiveWire Group, Inc.

(b) Includes facilities expiring in the next 12 months, which the Company expects to renew prior to expiration.<sup>(1)</sup>

(c) C\$165.0 million Canadian Conduit facility agreement remeasured to U.S. dollars at June 30, 2024.

To access the debt capital markets, the Company relies on credit rating agencies to assign short-term and long-term credit ratings. Generally, lower credit ratings result in higher borrowing costs and reduced access to debt capital markets. A credit rating agency may change or withdraw the Company's ratings based on its assessment of the Company's current and future ability to meet interest and principal repayment obligations. The Company's short-term debt ratings affect its ability to issue unsecured commercial paper. The Company's short- and long-term debt ratings, as of June 30, 2024 were as follows:

	Short-Term	Long-Term	Outlook
Moody's	P3	Baa3	Stable
Standard & Poor's	A3	BBB-	Stable
Fitch	F2	BBB+	Stable

The Company recognizes that it must continue to monitor and adjust its business to changes in the lending environment. The Company intends to continue with a diversified funding profile through a combination of short-term and long-term funding vehicles and to pursue a variety of sources to obtain cost-effective funding.<sup>(1)</sup> HDFS segment results could be negatively affected by higher costs of funding and increased difficulty of raising, or potential unsuccessful efforts to raise, funding in the short-term and long-term capital markets.<sup>(1)</sup> These negative consequences could in turn adversely affect the Company's business and results of operations in various ways, including through higher costs of capital, reduced funds available through HDFS to provide loans to dealers and their retail customers, and dilution to existing shareholders through the use of alternative sources of capital.

## Cash Flow Activity

The Company's cash flow activities were as follows (in thousands):

	Six months ended	
	June 30, 2024	June 30, 2023
Net cash provided by operating activities	\$ 577,642	\$ 410,520
Net cash used by investing activities	(397,029)	(345,196)
Net cash provided by financing activities	181,998	24,836
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(10,821)	(490)
Net increase in cash, cash equivalents and restricted cash	\$ 351,790	\$ 89,670

## Operating Activities

Cash flow provided by operating activities in the first half of 2024 compared to the first half of 2023 benefited from changes in working capital, partially offset by higher net cash outflows related to wholesale finance receivables and lower net income. Working capital was positively impacted primarily by a larger decrease in inventory in the first half of 2024 as compared to same period last year and increases in accounts payable and accrued expenses in the first half of 2024 as compared to decreases in accounts payable and accrued expenses in the first half of 2023.

The Company's ongoing operating cash requirements include those related to existing contractual commitments which it expects to fund with cash inflows from operating activities. The Company's purchase orders for inventory used in manufacturing generally do not become firm commitments until 90 days prior to expected delivery. The Company's material contractual operating cash commitments at June 30, 2024 relate to leases, retirement plan obligations and income taxes. The Company's long-term lease obligations and future payments are discussed further in *Note 9 of the Notes to Consolidated financial statements* in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. There are no required qualified pension plan contributions in 2024. The Company's expected future contributions and benefit payments related to its defined benefit retirement plans are discussed further in *Note 14 of the Notes to Consolidated financial statements* in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The Company has a liability for unrecognized tax benefits of \$18.5 million and related accrued interest and penalties of \$8.7 million as of June 30, 2024. The Company cannot reasonably estimate the period of cash settlement for either the liability for unrecognized tax benefits or accrued interest and penalties. The Company continues to expect that it will fund its ongoing operating cash requirements related to the origination of finance receivables with the issuance of debt.

## Investing Activities

The Company's most significant investing activities consist of capital expenditures and retail finance receivable originations and collections. Capital expenditures were \$87.8 million in the first half of 2024 compared to \$86.5 million in the same period last year. The Company's 2024 plan includes estimated capital investments between \$225 million and \$250 million, all of which the Company expects to fund with net cash flow generated by operations.<sup>(1)</sup>

Net cash outflows for finance receivables during the first half of 2024 were \$49.5 million higher compared to the same period last year due to lower retail finance receivable collections, partially offset by lower originations of finance receivables. The Company funds its finance receivables net lending activity through the issuance of debt, discussed in "Financing Activities" below.

## Financing Activities

The Company's financing activities consist primarily of dividend payments, share repurchases, and debt activity.

The Company paid dividends of \$0.345 and \$0.330 per share totaling \$47.4 million and \$48.2 million during the first half of 2024 and 2023, respectively.

Cash outflows for share repurchases were \$209.7 million in the first half of 2024 compared to \$169.6 million in the same period last year. Share repurchases during the first half of 2024 include \$200.0 million or 5.5 million shares of common stock related to discretionary repurchases and \$9.7 million or 0.3 million shares of common stock employees surrendered to satisfy withholding taxes in connection with the vesting of restricted stock units and performance shares. As of June 30, 2024, there were 4.2 million shares remaining on a board-approved share repurchase authorization. On July 18, 2024, subsequent to the end of the quarter, the Company's Board of Directors authorized the Company to repurchase up to 24.4 million additional shares of its common stock on a discretionary basis, resulting in 28.6 million shares remaining on a board-approved share repurchase authorization as of that date. In July 2024, the Company announced plans to repurchase approximately \$1 billion of shares on a discretionary basis in aggregate starting in the third quarter of 2024 through the end of 2026. As a result, the Company now plans to repurchase up to \$500 million of shares in 2024. The Company expects to fund the share repurchases with cash flow from operations.

Financing cash flows related to debt and brokered certificates of deposit activity resulted in net cash inflows of \$0.4 billion in the first six months of 2024 compared to net cash inflows of \$0.2 billion in the same period last year. The Company's total outstanding debt and liability for brokered certificates of deposit consisted of the following (in thousands):

	June 30, 2024	June 30, 2023
Outstanding debt:		
Unsecured commercial paper	\$ 497,792	\$ 695,356
Asset-backed Canadian commercial paper conduit facility	91,379	84,269
Asset-backed U.S. commercial paper conduit facility	435,930	318,406
Asset-backed securitization debt, net	1,921,408	1,924,545
Medium-term notes, net	3,776,060	3,297,004
Senior notes, net	746,438	745,722
	<u>\$ 7,469,007</u>	<u>\$ 7,065,302</u>
Deposits, net	\$ 504,093	\$ 439,911

Refer to *Note 9 of the Notes to Consolidated financial statements* for a summary of future principal payments on the Company's debt obligations. Refer to *Note 6 of the Notes to Consolidated financial statements* for a summary of future maturities on the Company's certificates of deposit.

**Deposits** – HDFC offers brokered certificates of deposit to customers indirectly through contractual arrangements with third-party banks and/or securities brokerage firms through its bank subsidiary. The Company had \$504.1 million and \$439.9 million, net of fees, of interest-bearing brokered certificates of deposit outstanding as of June 30, 2024 and June 30, 2023, respectively. The deposits are classified as short- and long-term liabilities based upon the term of each brokered certificate of deposit issued. Each separate brokered certificate of deposit is issued under a master certificate, and as such, all outstanding brokered certificates of deposit are considered below the Federal Deposit Insurance Corporation insurance coverage limits.

**Credit Facilities** – In April 2024, the Company extended its existing \$710.0 million five-year credit facility that was due to mature in April 2025 so that it now matures in April 2029 and amended the language of its existing \$710.0 million five-year credit facility that matures in April 2027 so that it conforms in all respects to the April 2029 credit facility other than maturity date. The five-year credit facilities (together, the Global Credit Facilities) bear interest at variable rates, which may be adjusted upward or downward depending on certain criteria, such as credit ratings. The Global Credit Facilities also require the Company to pay a fee based on the average daily unused portion of the aggregate commitments. The Global Credit Facilities are committed facilities primarily used to support the Company's unsecured commercial paper program.

**Unsecured Commercial Paper** – Subject to limitations, the Company could issue unsecured commercial paper of up to \$1.42 billion as of June 30, 2024 supported by the Global Credit Facilities, as discussed above. Outstanding unsecured commercial paper may not exceed the unused portion of the Global Credit Facilities. Maturities may range up to 365 days from the issuance date. The Company intends to repay unsecured commercial paper as it matures with additional unsecured commercial paper or through other means, such as borrowing under the Global Credit Facilities, borrowing under its asset-backed U.S. commercial paper conduit facility or through the use of operating cash flow and cash on hand.<sup>(1)</sup>

*Medium-Term Notes* – The Company had the following unsecured medium-term notes issued and outstanding at June 30, 2024 (in thousands):

Principal Amount	Rate	Issue Date	Maturity Date
\$642,786 <sup>(a)</sup>	3.14%	November 2019	November 2024
\$700,000	3.35%	June 2020	June 2025
\$749,917 <sup>(b)</sup>	6.36%	April 2023	April 2026
\$500,000	3.05%	February 2022	February 2027
\$700,000	6.50%	March 2023	March 2028
\$500,000	5.95%	June 2024	June 2029

(a) €600.0 million par value remeasured to U.S. dollar at June 30, 2024

(b) €700.0 million par value remeasured to U.S. dollar at June 30, 2024

The U.S. dollar-denominated medium-term notes provide for semi-annual interest payments and the foreign currency-denominated medium-term notes provide for annual interest payments. Principal on the medium-term notes is due at maturity. Unamortized discounts and debt issuance costs on the medium-term notes reduced the outstanding balance by \$16.6 million and \$18.9 million at June 30, 2024 and June 30, 2023, respectively. There were no medium-term note maturities during the first half of 2024. During the second quarter of 2023, \$706.7 million of 4.94% medium-term notes matured, and the principal and accrued interest were paid in full. During the first quarter of 2023, \$350.0 million of 3.35% medium-term notes matured, and the principal and accrued interest were paid in full.

*Senior Notes* – In July 2015, the Company issued \$750.0 million of unsecured senior notes in an underwritten offering. The senior notes provide for semi-annual interest payments and principal due at maturity. \$450.0 million of the senior notes mature in July 2025 and have an interest rate of 3.50%, and \$300.0 million of the senior notes mature in July 2045 and have an interest rate of 4.625%. The Company used the proceeds from the debt to repurchase shares of its common stock in 2015.

*On-Balance Sheet Asset-Backed Canadian Commercial Paper Conduit Facility* – In June 2024, the Company renewed and amended its revolving facility agreement (Canadian Conduit) with a Canadian bank-sponsored asset-backed commercial paper conduit. Under the renewed and amended agreement, the Canadian Conduit is contractually committed, at the Company's option, to purchase eligible Canadian retail motorcycle finance receivables for proceeds up to C\$165.0 million, which was a C\$40.0 million increase in the total commitment. The transferred assets are restricted as collateral for the payment of the associated debt. The terms for this debt provide for interest on the outstanding principal based on prevailing market interest rates plus a specified margin. The Canadian Conduit also provides for a program fee and an unused commitment fee based on the unused portion of the total aggregate commitment. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related finance receivables are applied to outstanding principal. Upon expiration of the Canadian Conduit, any outstanding principal will continue to be reduced monthly through available collections. The expected remaining term of the related receivables is approximately 5 years. Unless earlier terminated or extended by mutual agreement between the Company and the lenders, as of June 30, 2024, the Canadian Conduit had an expiration date of June 30, 2025.

Quarterly transfers of Canadian retail motorcycle finance receivables to the Canadian Conduit and the respective proceeds were as follows (in millions):

	2024		2023	
	Transfers	Proceeds	Transfers	Proceeds
First quarter	\$ 34.9	\$ 28.6	\$ —	\$ —
Second quarter	20.6	16.9	40.5	33.5
	\$ 55.5	\$ 45.5	\$ 40.5	\$ 33.5

*On-Balance Sheet Asset-Backed U.S. Commercial Paper Conduit Facilities VIE* – In November 2023, the Company renewed its \$1.50 billion revolving facility agreement (the U.S. Conduit Facility) with third-party banks and their asset-backed U.S. commercial paper conduits. Under the revolving facility agreement, the Company may transfer U.S. retail motorcycle finance receivables to an SPE, which in turn may issue debt to those third-party banks and their asset-backed U.S. commercial paper conduits. From November 2020 through November 2022, the U.S. Conduit Facility allowed for uncommitted additional borrowings of up to \$300.0 million at the lenders' discretion. At June 30, 2023, \$18.4 million remained outstanding under the

uncommitted additional borrowings previously allowed. Availability under the U.S. Conduit Facility is based on, among other things, the amount of eligible U.S. retail motorcycle finance receivables held by the SPE as collateral.

There were no finance receivable transfers under the U.S. Conduit Facility during the second quarter of 2024 or first half of 2023. During the first quarter of 2024, the Company transferred \$334.8 million of U.S. retail motorcycle finance receivables to an SPE which, in turn, issued \$306.0 million of debt under the U.S. Conduit Facility.

The terms for this debt provide for interest on the outstanding principal based on prevailing commercial paper rates if funded by a conduit lender through the issuance of commercial paper. The interest rate on all borrowings, if not funded by a conduit lender through the issuance of commercial paper, is based on the Secured Overnight Financing Rate (SOFR), with provisions for a transition to other benchmark rates in the future, if necessary. In addition to interest, a program fee is assessed based on the outstanding debt principal balance. The U.S. Conduit Facility also provides for an unused commitment fee based on the unused portion of the total aggregate commitment. There is no amortization schedule; however, the debt is reduced monthly as available collections on the related finance receivables are applied to outstanding principal. Upon expiration of the U.S. Conduit Facility, any outstanding principal will continue to be reduced monthly through available collections. The expected remaining term of the related receivables held by the SPE is approximately 5 years. Unless earlier terminated or extended by mutual agreement of the Company and the lenders, as of June 30, 2024, the U.S. Conduit Facility had an expiration date of November 20, 2024.

**Asset-Backed Securitization VIEs** – For all of its asset-backed securitization transactions, the Company transfers U.S. retail motorcycle finance receivables to separate VIEs, which in turn issue secured notes with various maturities and interest rates to investors. All of the notes held by the VIEs are secured by future collections of the purchased U.S. retail motorcycle finance receivables. The U.S. retail motorcycle finance receivables included in the asset-backed securitization transactions are not available to pay other obligations or claims of the Company's creditors until the associated debt and other obligations are satisfied. Restricted cash balances held by the VIEs are used only to support the securitizations.

The accounting treatment for asset-backed securitizations depends on the terms of the related transaction and the Company's continuing involvement with the VIE. The Company's current outstanding asset-backed securitizations do not meet the criteria to be accounted for as a sale because, in addition to retaining servicing rights, the Company retains a financial interest in the VIE in the form of a debt security. These transactions are treated as secured borrowings, and as such, the retail motorcycle finance receivables remain on the balance sheet with a corresponding obligation reflected as debt. There is no amortization schedule for the secured notes; however, the debt is reduced monthly as available collections on the related retail motorcycle finance receivables are applied to outstanding principal. The secured notes currently have various contractual maturities ranging from 2025 to 2031.

Quarterly transfers of U.S. retail motorcycle finance receivables to SPEs, the respective proceeds, and the respective proceeds, net of discounts and issuance costs were as follows (in millions):

	2024			2023		
	Transfers	Proceeds	Proceeds, net	Transfers	Proceeds	Proceeds, net
First quarter	\$ —	\$ —	\$ —	\$ 628.5	\$ 550.0	\$ 547.7
Second quarter	607.8	550.0	547.6	0.0	0.0	0.0
	<u>\$ 607.8</u>	<u>\$ 550.0</u>	<u>\$ 547.6</u>	<u>\$ 628.5</u>	<u>\$ 550.0</u>	<u>\$ 547.7</u>

**Intercompany Agreements** – On January 27, 2023, Harley-Davidson, Inc. entered into a revolving line of credit with Harley-Davidson Financial Services, Inc. whereby Harley-Davidson Financial Services, Inc. may borrow up to \$200.0 million at market interest rates with an expiration date of July 27, 2024. Harley-Davidson Financial Services, Inc. did not borrow on the line of credit during 2023 or the first six months of 2024 and had no outstanding borrowings owed to Harley-Davidson, Inc. under this agreement as of June 30, 2024.

Harley Davidson, Inc. also has a support agreement with Harley-Davidson Financial Services Inc. whereby, if required, Harley-Davidson, Inc. agrees to provide Harley-Davidson Financial Services Inc. with financial support to maintain Harley-Davidson Financial Services Inc.'s fixed-charge coverage at 1.25 and minimum net worth of \$40.0 million. Support may be provided at Harley-Davidson, Inc.'s option as capital contributions or loans. No amount has ever been provided to Harley-Davidson Financial Services Inc. under the support agreement.

On February 14, 2024, Harley-Davidson, Inc. entered into a Convertible Delayed Draw Term Loan Agreement (the "Convertible Term Loan") with LiveWire Group, Inc. and a wholly-owned subsidiary of LiveWire Group, Inc. whereby LiveWire may obtain term loans in one or more advances up to an aggregate principal amount of \$100.0 million. The outstanding principal under the Convertible Term Loan bears interest at a floating rate per annum, as calculated on the date of each advance and as of each June 1 and December 1 thereafter. The interest rate is calculated based on the sum of (i) the forward-

looking term rate based on SOFR for a six-month interest period, plus (ii) 4.00%. The Convertible Term Loan does not include affirmative covenants impacting the operations of LiveWire. The Convertible Term Loan includes negative covenants restricting the ability of LiveWire to incur indebtedness, create liens, sell assets, make investments, make fundamental changes, make dividends or other restricted payments and enter into affiliate transactions. The Convertible Term Loan has a maturity date of the earlier of (i) 24 months from the date of the first draw on the loan or (ii) October 31, 2026. In the event that the Convertible Term Loan cannot be settled in cash by LiveWire at maturity, unless otherwise agreed between Harley-Davidson, Inc. and LiveWire, the Convertible Term Loan will be converted to equity of LiveWire Group, Inc. at a conversion price per share of LiveWire Group, Inc. common stock equal to 90% of the volume weighted average price per share of common stock for the 30 trading days immediately preceding the conversion date. As of June 30, 2024, there had been no draws and there was no outstanding balance under the Convertible Term Loan.

**Operating and Financial Covenants** – Harley-Davidson Financial Services Inc. and the Company are subject to various operating and financial covenants related to the credit facilities and various operating covenants under the medium-term and senior notes and the U.S. and Canadian asset-backed commercial paper conduit facilities. The more significant covenants are described below.

The operating covenants limit the Company's and Harley-Davidson Financial Services Inc.'s ability to:

- Assume or incur certain liens;
- Participate in certain mergers or consolidations; and
- Purchase or hold margin stock.

Under the current financial covenants of the Global Credit Facilities, the ratio of Harley-Davidson Financial Services Inc.'s consolidated debt, excluding secured debt, to Harley-Davidson Financial Services' consolidated allowance for credit losses on finance receivables plus Harley-Davidson Financial Services Inc.'s consolidated shareholders' equity, excluding accumulated other comprehensive loss (AOCL), cannot exceed 10.0 to 1.0 as of the end of any fiscal quarter. In addition, the ratio of the Company's consolidated debt to the Company's consolidated debt and consolidated shareholders' equity (where the Company's consolidated debt in each case excludes that of Harley-Davidson Financial Services Inc. and its subsidiaries, and the Company's consolidated shareholders' equity excludes AOCL), cannot exceed 0.7 to 1.0 as of the end of any fiscal quarter. No financial covenants are required under the medium-term or senior notes or the U.S. or Canadian asset-backed commercial paper conduit facilities.

As of June 30, 2024, Harley-Davidson Financial Services Inc. and the Company remained in compliance with all of the then existing covenants.

#### Cautionary Statements

Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the Company's ability to: (a) execute its business plans and strategies, including The Hardwire, each of the pillars, and the evolution of LiveWire as a standalone brand, which includes the risks noted below; (b) manage supply chain and logistics issues, including quality issues, unexpected interruptions or price increases caused by supplier volatility, raw material shortages, inflation, war or other hostilities, including the conflict in Ukraine and the Red Sea conflict, or natural disasters and longer shipping times and increased logistics costs; (c) accurately analyze, predict and react to changing market conditions and successfully adjust to shifting global consumer needs and interests; (d) maintain and enhance the value of the Harley-Davidson brand; (e) realize the expected business benefits from LiveWire operating as a separate public company, which may be affected by, among other things: (i) the ability of LiveWire to execute its plans to develop, produce, market and sell its electric vehicles; (ii) the demand for and consumer willingness to adopt two- and three-wheeled electric vehicles; and (iii) other risks and uncertainties indicated in documents filed with the SEC by the Company or LiveWire Group, Inc., including those risks and uncertainties noted in *Risk Factors* under *Item 1.A* of LiveWire Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023; (f) successfully access the capital and/or credit markets on terms that are acceptable to the Company and within its expectations; (g) successfully carry out its global manufacturing and assembly operations; (h) develop and introduce products, services and experiences on a timely basis that the market accepts, that enable the Company to generate desired sales levels and that provide the desired financial returns, including successfully implementing and executing plans to strengthen and grow its leadership position in Grand American Touring, large Cruiser and Trike, and grow its complementary businesses; (i) perform in a manner that enables the Company to benefit from market opportunities while competing against existing and new competitors; (j) manage through changes in general economic and business conditions, including changing capital, credit and retail markets, and the changing domestic and international political environments, including as a result of the conflict in Ukraine and the Red Sea conflict; (k) manage the impact that prices for and supply of used motorcycles may have on its business, including on retail sales of new motorcycles; (l) prevent, detect and remediate any issues with its motorcycles or any issues associated with the manufacturing processes to avoid delays in new model launches, recall campaigns, regulatory agency investigations, increased warranty costs or litigation and adverse effects on its reputation and brand strength, and carry out any product programs or

recalls within expected costs and timing; (m) successfully manage and reduce costs throughout the business; (n) manage risks related to a resurgence of the COVID-19 pandemic, emergence of a new pandemic, epidemic, disease outbreak or other public health crises, such as supply chain disruptions, its ability to carry out business as usual, and government actions and restrictive measures implemented in response; (o) continue to develop the capabilities of its distributors and dealers, effectively implement changes relating to its dealers and distribution methods, including the Company's dealer footprint, and manage the risks that its dealers may have difficulty obtaining capital and managing through changing economic conditions and consumer demand; (p) successfully appeal: (i) the revocation of the Binding Origin Information (BOI) decisions that allowed the Company to supply its European Union (EU) market with certain of its motorcycles produced at its Thailand operations at a reduced tariff rate and (ii) the denial of the Company's application for temporary relief from the effect of the revocation of the BOI decisions; (q) manage the quality and regulatory non-compliance issues relating to the brake hose assemblies provided to the Company by Proterial Cable America, Inc. in a manner that avoids future quality or non-compliance issues and additional costs or recall expenses that are material; (r) maintain a productive relationship with Hero MotoCorp as a distributor and licensee of the Harley-Davidson brand name in India; (s) manage and predict the impact that new, reinstated or adjusted tariffs may have on the Company's ability to sell products internationally, and the cost of raw materials and components, including the temporary lifting of the incremental tariffs on motorcycles imported into the EU from the U.S., which was extended to March 31, 2025; (t) accurately predict the margins of its segments in light of, among other things, tariffs, inflation, foreign currency exchange rates, the cost associated with product development initiatives and the Company's complex global supply chain; (u) successfully maintain a manner in which to sell motorcycles in China and the Company's Association of Southeast Asian Nations (ASEAN) countries that does not subject its motorcycles to incremental tariffs; (v) manage its Thailand corporate and manufacturing operation in a manner that allows the Company to avail itself of preferential free trade agreements and duty rates, and sufficiently lower prices of its motorcycles in certain markets; (w) retain and attract talented employees, and eliminate personnel duplication, inefficiencies and complexity throughout the organization; (x) accurately estimate and adjust to fluctuations in foreign currency exchange rates, interest rates and commodity prices; (y) manage the credit quality, the loan servicing and collection activities, and the recovery rates of Harley-Davidson Financial Services' loan portfolio; (z) prevent a ransomware attack or cybersecurity breach involving consumer, employee, dealer, supplier, or Company data and respond to evolving regulatory requirements regarding cybersecurity and data privacy; (aa) adjust to tax reform, healthcare inflation and reform and pension reform, and successfully estimate the impact of any such reform on the Company's business; (bb) manage through the effects inconsistent and unpredictable weather patterns may have on retail sales of motorcycles; (cc) implement and manage enterprise-wide information technology systems, including systems at its manufacturing facilities; (dd) manage changes, prepare for, and respond to evolving requirements in legislative and regulatory environments related to its products, services and operations, including increased environmental, safety, emissions or other regulations; (ee) manage its exposure to product liability claims and commercial or contractual disputes; (ff) continue to manage the relationships and agreements that the Company has with its labor unions to help drive long-term competitiveness; (gg) achieve anticipated results with respect to the Company's preowned motorcycle program, Harley-Davidson Certified, the Company's H-D1 Marketplace, and Apparel and Licensing; and (hh) optimize capital allocation in light of the Company's capital allocation priorities.

The Company's ability to sell its motorcycles and related products and services and to meet its financial expectations also depends on the ability of the Company's dealers to sell its motorcycles and related products and services to retail customers. The Company depends on the capability and financial capacity of its dealers to develop and implement effective retail sales plans to create demand for the motorcycles and related products and services they purchase from the Company. In addition, the Company's dealers and distributors may experience difficulties in operating their businesses and selling Harley-Davidson motorcycles and related products and services as a result of weather, economic conditions, or other factors.

HDFS' retail credit losses have normalized in recent quarters to higher levels after a period of historically low levels of credit losses. Further, the Company believes that HDFS's retail credit losses will continue to change over time due to changing consumer credit behavior, macroeconomic conditions, including the impact of inflation and HDFS's efforts to increase prudently structured loan approvals to sub-prime borrowers. In addition, HDFS's efforts to adjust underwriting criteria based on market and economic conditions and the actions that the Company has taken and could take that impact motorcycle values may impact HDFS's retail credit losses.

The Company's operations, demand for its products, and its liquidity could be adversely impacted by work stoppages, facility closures, strikes, natural causes, widespread infectious disease, terrorism, war or other hostilities, including the conflict in Ukraine and the Red Sea conflict, or other factors. Refer to *Risk Factors* under *Item 1.A* of the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of additional risk factors and a more complete discussion of some of the cautionary statements noted above.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to market risk from changes in foreign currency exchange rates, commodity prices and interest rates. To reduce such risks, the Company selectively uses derivative financial instruments. All hedging transactions are authorized and executed pursuant to regularly reviewed policies and procedures, which prohibit the use of financial instruments for speculative trading purposes. Sensitivity analysis is used to manage and monitor foreign currency exchange rate and interest rate risks. Further disclosure relating to the fair value of the Company's derivative financial instruments is included in *Note 8 of the Notes to Consolidated financial statements*.

**HDMC Segment**

The Company sells its motorcycles and related products internationally and in most markets those sales are made in the foreign country's local currency. As a result, the HDMC segment operating results are affected by fluctuations in the value of the U.S. dollar relative to foreign currencies. The Company's most significant foreign currency exchange rate risk resulting from the sale of motorcycles and related products relates to the Euro, Australian dollar, Japanese yen, Brazilian real, Canadian dollar, Mexican peso, Chinese yuan, Singapore dollar, Thai baht and Pound sterling. The Company utilizes foreign currency contracts to mitigate the effect of certain currencies' fluctuations on HDMC segment operating results. The foreign currency contracts are entered into with banks and allow the Company to exchange currencies at a future date, based on a fixed exchange rate. There have been no material changes to the foreign currency exchange rate market risk information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company purchases commodities for the use in the production of motorcycles. As a result, HDMC segment operating income is affected by changes in commodity prices. The Company uses derivative financial instruments on a limited basis to hedge the prices of certain commodities. There have been no material changes to the commodity market risk information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

**LiveWire Segment**

LiveWire sells its electric motorcycles, electric balance bikes and related products internationally, and in most markets, those sales are made in the foreign country's local currency. As a result, LiveWire's operating results are affected by fluctuations in the values of the U.S. dollar relative to foreign currencies; however, the impact of such fluctuations on LiveWire's operations to date have not been material given the majority of LiveWire's sales are currently in the U.S. LiveWire plans to expand its business and operations internationally and expects its exposure to currency rate risk to increase as it grows its international presence.

**HDFS Segment**

The Company has interest rate-sensitive financial instruments including financial receivables, debt and interest rate derivative financial instruments. As a result, HDFS operating income is affected by changes in interest rates. The Company utilizes interest rate caps to reduce the impact of fluctuations in interest rates on its asset-backed securitization transactions. There have been no material changes to the interest rate market risk information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

HDFS also has short-term commercial paper and debt issued through the commercial paper conduit facilities that is subject to changes in interest rates, which it does not hedge. There have been no material changes to the interest rate market risk information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company has foreign denominated medium-term notes, and as a result, HDFS operating income is affected by fluctuations in the value of the U.S. dollar relative to foreign currencies and interest rates. At June 30, 2024, this exposure related to the Euro. The Company utilizes cross-currency swaps to mitigate the effect of the foreign currency exchange rate and interest rate fluctuations related to foreign denominated debt. There have been no material changes to the foreign currency exchange rate and interest rate market risk information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for further information concerning the Company's market risk.



**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures** – In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's management evaluated, with the participation of the Company's President and Chief Executive Officer and the Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon their evaluation of these disclosure controls and procedures, the President and Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

**Changes in Internal Controls** – There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

The information required under this Item 1 of Part II is contained in Item 1 of Part I of this Quarterly Report on Form 10-Q in *Note 14 of the Notes to Consolidated financial statements*, and such information is incorporated herein by reference in this Item 1 of Part II.

**H-D Japan Matter** - As reported, on or about July 30, 2024, the Fair Trade Commission in Japan ("Japan FTC") initiated an investigation into Harley-Davidson Japan KK ("H-D Japan"), a subsidiary of the Company, for alleged improper activity, including setting excessive sales quotas for H-D Japan's motorcycle dealers. H-D Japan is evaluating the matter and cooperating with the Japan FTC in its investigation. The Company does not expect that this matter will result in material costs in the future, and no costs have been accrued to date. The Company is not aware of activity similar to the alleged activity occurring outside Japan.

**Item 1A. Risk Factors**

An investment in Harley-Davidson, Inc. involves risks, including the risk factors discussed in *Item 1A. Risk Factors* of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which have not materially changed except as set forth below. This risk factor has been updated to reflect the new expiration date of the current collective bargaining agreements with hourly employees in Wisconsin.

- **The Company's motorcycle operations are dependent upon unionized labor.** A substantial portion of the hourly production employees working in the Company's motorcycle operations are represented by unions and covered by collective bargaining agreements. The Company is currently a party to three collective bargaining agreements with local affiliates of the International Association of Machinists and Aerospace Workers and the United Steelworkers of America. The current collective bargaining agreement with hourly employees in Pennsylvania will expire on October 15, 2027 and the agreements with employees in Wisconsin will expire on March 31, 2029. There is no certainty that the Company will be successful in negotiating new agreements with these unions that extend beyond the current expiration dates or that these new agreements will be on terms that will allow the Company to be competitive. The Company's decisions regarding opening, closing, expanding, contracting or restructuring its facilities may require changes to existing or new bargaining agreements. Failure to renew agreements when they expire or to establish new collective bargaining agreements on terms acceptable to the Company and the unions could result in the relocation of production facilities, work stoppages or other labor disruptions, which may have a material adverse effect on the Company's business and results of operations.

The Company disclaims any obligation to update these risk factors or any other forward-looking statements. The Company assumes no obligation, and specifically disclaims any such obligation, to update these risk factors or any other forward-looking statements to reflect actual results, changes in assumptions or other factors affecting such forward-looking statements.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company's share repurchases, which consisted of shares repurchased on a discretionary basis and shares of common stock that employees surrendered to satisfy withholding taxes in connection with the vesting of restricted stock units and performance shares, were as follows during the quarter ended June 30, 2024:

2024 Fiscal Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 to April 30	76,024	\$ 35	76,024	7,079,543
May 1 to May 31	1,661,485	\$ 35	1,661,485	5,419,043
June 1 to June 30	1,194,067	\$ 34	1,194,067	4,225,155
	<u>2,931,576</u>	<u>\$ 35</u>	<u>2,931,576</u>	

In August 2023, the Company's Board of Directors authorized the Company to repurchase up to 10.0 million shares of its common stock on a discretionary basis with no dollar limit or expiration date. The Company repurchased 2.9 million shares on a discretionary basis during the quarter ended June 30, 2024 under this authorization. As of June 30, 2024, 4.2 million shares remained under this authorization.

On July 18, 2024, subsequent to the end of the quarter, the Company's Board of Directors authorized the Company to repurchase up to 24.4 million additional shares of its common stock on a discretionary basis with no dollar limit or expiration date. Subsequently, in July 2024, the Company announced plans to repurchase approximately \$1 billion of shares on a discretionary basis in aggregate starting in the third quarter of 2024 through the end of 2026. As a result, the Company now plans to repurchase up to \$500 million of shares in 2024.

Under the share repurchase authorization, the Company's common stock may be purchased through any one or more of a Rule 10b5-1 trading plan and discretionary purchases on the open market, block trades, accelerated share repurchases or privately negotiated transactions. The repurchase authority has no expiration date but may be suspended, modified or discontinued at any time.

The Company maintains a capital allocation policy to (i) fund The Hardwire strategic initiatives, including the associated capital expenditures, (ii) pay dividends and (iii) exercise discretionary share repurchases. This policy is designed to support the investment required to enhance the long-term value of the Company and to return any excess cash to shareholders.

The amount of capital to be allocated to share repurchases is approved periodically by the Company's Board of Directors, taking into account the Company's expected cash flow over time. The specific number of shares repurchased, if any, and the timing of repurchases are determined by Company management from time to time and will depend on a number of factors, including share price, trading volume, and general market conditions, as well as on working capital requirements, general business conditions, and other factors.

The Harley-Davidson, Inc. 2020 Incentive Stock Plan and the 2022 Aspirational Incentive Stock Plan (Incentive Plans) and predecessor stock plans permit participants to satisfy all or a portion of the statutory federal, state, and local withholding tax obligations arising in connection with plan awards by electing to (a) have the Company withhold shares otherwise issuable under the award, (b) tender back shares received in connection with such award, or (c) deliver other previously owned shares, in each case having a value equal to the amount to be withheld. During the second quarter of 2024, the Company acquired 1,688 shares of common stock that employees presented to the Company to satisfy withholding taxes in connection with the vesting of restricted stock units and performance shares.

## Item 5. Other Information

During the period ended June 30, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

Refer to the exhibit index immediately following this page.

**Harley-Davidson, Inc.**  
**Exhibit Index to Form 10-Q**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<a href="#">4.1</a>	Officers' Certificate, dated June 11, 2024, pursuant to Sections 2.02 and 3.01 of the Indenture, dated December 18, 2020, with the form of 5.950% Medium-Term Notes due 2029
<a href="#">31.1</a>	Chief Executive Officer Certification pursuant to Rule 13a-14(a)
<a href="#">31.2</a>	Chief Financial Officer Certification pursuant to Rule 13a-14(a)
<a href="#">32.1</a>	Written Statement of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. §1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2024

HARLEY-DAVIDSON, INC.  
  
\_\_\_\_\_  
/s/ Jonathan R. Root  
Jonathan R. Root  
Chief Financial Officer  
(Principal financial officer)

Date: August 7, 2024

\_\_\_\_\_  
/s/ Mark R. Kornetzke  
Mark R. Kornetzke  
Chief Accounting Officer  
(Principal accounting officer)

**OFFICERS' CERTIFICATE  
OF  
HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**

**Pursuant to Sections 2.02 and 3.01 of the Indenture**

Dated as of June 11, 2024

Reference is made to the Indenture, dated as of December 18, 2020 (the "Indenture"), among Harley-Davidson Financial Services, Inc. (the "Company"), Harley-Davidson Credit Corp. (the "Guarantor") and Citibank, N.A., as trustee (the "Trustee"). Terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

Pursuant to Sections 2.02 and 3.01 of the Indenture, the undersigned, David Viney and Susan Paskvan, in their respective capacities as Vice President and Treasurer of the Company and Vice President and Chief Financial Officer of the Company, hereby certify that:

- (1) There is hereby established a new series of Debt Securities under the Indenture titled 5.950% Medium-Term Notes due 2029 (the "Notes").
- (2) The Notes shall be in substantially the form of Exhibit A hereto.

(3) The Notes, as authenticated and delivered, shall have the terms set forth in Exhibit A hereto (which terms are incorporated herein by reference and deemed to be set forth herein in full) and the terms set forth established pursuant to the Indenture and the offering memorandum and the pricing supplement, both dated as of June 6, 2024, relating to the Notes (together referred to as the "Offering Memorandum"), attached hereto as Exhibit B (which terms are incorporated herein by reference and deemed to be set forth herein in full); provided, however, that in the event of a conflict between the provisions of the Notes and the Offering Memorandum, the provisions of the Notes shall prevail.

(4) All conditions precedent provided for in the Indenture relating to the authentication and delivery of the Notes in such form have been complied with, assuming due authorization and delivery by the Trustee.

(5) All instruments furnished to the Trustee conform to the requirements of the Indenture and constitute sufficient authority under the Indenture for the Trustee to authenticate and deliver the Notes.

In connection with the foregoing, each of the undersigned officers of the Company further states that they have read the Indenture, including the provisions of the Indenture governing the authentication and delivery of the Notes, and have examined the originals, or copies identified to their satisfaction, of the Notes, such corporate records of the Company and the Guarantor, the Company Order delivered by the Company to the Trustee pursuant to Section 2.02 of the Indenture and such other documents and certificates as they have deemed necessary as a basis for the opinions expressed below. In all such examinations, the

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undersigned have assumed the genuineness of all signatures, the authenticity of all documents, certificates and instruments submitted as originals and the conformity with the originals of all documents submitted as copies.

The undersigned believe that the foregoing examination and investigation are sufficient to enable them to express an informed opinion as to whether or not the covenants and conditions precedent to the authentication and delivery of the Notes and the execution and delivery of the Indenture have been complied with or satisfied, and in their opinion, such conditions or covenants have been complied with and satisfied.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned officers of the Company has affixed such officer's signature as of the date first set forth above

/s/David Viney

Name: David Viney

Title: Vice President and Treasurer of Harley-Davidson Financial Services, Inc.

/s/Susan Paskvan

Name: Susan Paskvan

Title: Vice President and Chief Financial Officer of Harley-Davidson Financial Services, Inc.

[HDFS Officers' Certificate Pursuant to Sections 2.02 and 3.01 of the Indenture]

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**Exhibit A**

**to**

**Officers' Certificate Pursuant to Sections 2.02 and 3.01 of the Indenture**

Form of Note

[See Attached]

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**HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**  
**5.950% MEDIUM-TERM NOTES DUE 2029**

**Fully and Unconditionally Guaranteed by Harley-Davidson Credit Corp.**

THIS SECURITY IS A GLOBAL DEBT SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY (AS DEFINED IN THE INDENTURE) OR A NOMINEE THEREOF. THIS GLOBAL DEBT SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL DEBT SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY, OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY, OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND, ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE JURISDICTION. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION")

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DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN ACCREDITED INVESTOR WITHIN THE MEANING OF SUBPARAGRAPH (a)(1), (2), (3) OR (7) OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSES (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

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HARLEY-DAVIDSON FINANCIAL SERVICES, INC.  
5.950% MEDIUM-TERM NOTES DUE 2029

Fully and Unconditionally Guaranteed  
by Harley-Davidson Credit Corp.

No. A001 Principal Amount \$456,126,000

CUSIP No. 41283L BB0

ISIN US41283LBB09 as revised by the Schedule of  
Common Code No. 284206401 Increases or Decreases in Global  
Issue Price: 99.842% Note attached hereto

Original Issue Date: June 11, 2024

Maturity Date: June 11, 2029 Index Maturity:

☐ Original Issue Discount Note

Total Amount of OID:

Yield to Maturity: %

Initial Accrual Period OID:

☒ Fixed Rate

Interest Rate: 5.950%

☐ Floating Rate

Interest Rate Basis:

☐ CD Rate Specified Currency (if other than U.S. dollars): N/A

☐ CMT Rate  
☐ CMT Reuters Page FRBCMT: ☐ CMT Reuters Page  
FEDCMT:

☐ Commercial Paper Rate

☐ Federal Funds

☐ Prime Rate Place of Payment: (if other than as set forth in the Indenture): N/A

Option to Receive Payments In Specified Currency (non-U.S. dollar  
denominated Note): N/A

Authorized Denomination: Minimum denominations of \$2,000 and integral  
multiples of \$1,000 in excess thereof

\_\_\_ Treasury Rate

\_\_\_ Other

Spread (Plus or Minus) Initial Redemption Date: Initial Redemption Percentage:

Annual Redemption Percentage Reduction: Repayment Date:

Spread Multiplier: % Renewable: ☐ Yes ☐ No Extendable: ☐ Yes ☐ No

Interest Category:

Final Maturity Date:

☐ Regular Floating Rate Note

☐ Floating Rate/Fixed Rate Note

Fixed Rate Commencement Date: Fixed Interest Rate %

☐ Inverse Floating Rate Note

Initial Interest Reset Date:

Interest Reset Dates:

Initial Interest Rate

Interest Payment Dates (in the case of a Floating Rate Note and, in the case of a Fixed Rate Note, other than as set forth below): N/A

Maximum Interest Rate % Minimum Interest Rate %

Regular Record Dates (if other than as set forth below): N/A

Interest Determination Dates (if other than as set forth below): N/A

Additional Amounts applicable for Company:

☐ Yes

☒ No

Additional Amounts applicable for Guarantor:

☐ Yes

☒ No

Addendum Attached

Other Provisions:

☐ Yes

☒ No

Authorized Denomination (only if non-U.S.  
dollar denominated Note): N/A

Calculation Agent (if other than the Trustee):  
N/A

Interest Payment Period: N/A

Harley-Davidson Financial Services, Inc., a corporation duly organized under the laws of the State of Delaware (herein called the Company), which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Principal Amount specified above, as revised by the Schedule of Increases or Decreases in Global Note attached hereto, on the Maturity Date specified above and to pay to the registered holder of this Note (the Holder) interest on said Principal Amount at a rate per annum specified above and upon the terms provided below under either the heading "Provisions Applicable to Fixed Rate Notes Only" or "Provisions Applicable to Floating Rate Notes Only".

This Note is one of the Company's duly authorized issue of notes in the series titled 5.950% Medium-Term Notes due 2029 (herein referred to as the Notes), all issued or to be issued under an indenture, dated as of December 18, 2020 (as may be supplemented from time to time, the Indenture), among the Company, Harley-Davidson Credit Corp. (the Guarantor) and Citibank, N.A., as trustee (the Trustee), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Trustee, the Company, the Guarantor and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes of this series are limited (except as otherwise provided in the Indenture) to the aggregate principal amount established from time to time by the Company's Board of Directors (as defined in the Indenture). The Notes of this series may be issued at various times with different maturity dates and different principal repayment provisions, may bear interest at different rates and may otherwise vary, all as provided in the Indenture. The Notes of this series may be subject to redemption upon notice and in accordance with the provisions of this Note and the Indenture. The Company and the Guarantor may defease the Notes of this series in accordance with the provisions of the Indenture.

To secure the due and punctual payment of principal, any premium, any interest and Additional Amounts (as defined in the Indenture) on this Note by the Company under the Indenture, when and as the same shall become due and payable, whether at the Maturity Date, by declaration of acceleration, call for redemption or otherwise, the Guarantor has unconditionally guaranteed this Note pursuant to the terms of the Guarantee endorsed hereon and in Article Sixteen of the Indenture (the Guarantee).

As used herein, the term "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in the City of New York; *provided, however*, that if a Specified Currency is specified above, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the country issuing such Specified Currency or, if such Specified Currency is the Euro, the day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Principal Financial Center" means, unless otherwise provided in this Note, the capital city of the country issuing the Specified Currency; except that with respect to United States dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the "Principal Financial Center" will be the City of New York, Sydney and (solely in the case of the Specified Currency) Melbourne, Toronto, Johannesburg and Zurich, respectively.

**Provisions Applicable To Fixed Rate Notes Only:**

If the "Fixed Rate" line above is checked, unless otherwise specified above, the Company will pay interest semiannually on June 11 and December 11 of each year (each such date fixed for the payment of interest, an "Interest Payment Date") commencing on December 11, 2024, and ending on the Maturity Date or upon earlier redemption or repayment to the person to whom principal is payable. Interest shall accrue from the Original Issue Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for on this Note to, but excluding, the next following Interest Payment Date, Maturity Date, or earlier date of redemption or repayment, as the case may be. Interest on Fixed Rate Notes will be computed by the Company on the basis of a 360-day year consisting of twelve 30-day months.

If any Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment) of this Fixed Rate Note falls on a day that is not a Business Day, the payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment), as the case may be.

**Provisions Applicable To Floating Rate Notes Only:**

If the "Floating Rate" line above is checked, the Company will pay interest on the Interest Payment Dates shown specified above at the Initial Interest Rate specified above until the first Interest Reset Date specified above following the Original Issue Date specified above and thereafter at a rate determined in accordance with the provisions hereinafter set forth under the headings "Determination of CD Rate", "Determination of CMT Rate", "Determination of Commercial Paper Rate", "Determination of Federal Funds Rate", "Determination of Prime Rate", or "Determination of Treasury Rate", depending on whether the Interest Rate Basis is the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the Prime Rate, the Treasury Rate or other Interest Rate Basis.

An interest payment shall be the amount of interest accrued from and including the Original Issue Date, or from and including the last Interest Payment Date to which interest has

been paid, to, but excluding, the next following Interest Payment Date, Maturity Date, or date of earlier redemption or repayment, as the case may be (an "Interest Period"). Notwithstanding any provision herein to the contrary, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified above.

If any Interest Payment Date for any Floating Rate Note, other than an Interest Payment Date at maturity, would fall on a day that is not a Business Day, such Interest Payment Date will be the following day that is a Business Day, and interest will continue to accrue to the following Business Day. If the Maturity Date (or date of earlier redemption or repayment) of any Floating Rate Note would fall on a day that is not a Business Day, the payment of interest and principal (and premium, if any) may be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the Maturity Date (or the date of earlier redemption or repayment).

Commencing with the first Interest Reset Date specified above following the Original Issue Date, the rate at which interest on this Note is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually as specified above under "Interest Reset Dates".

The interest rate borne by this Note will be determined as follows:

(1) Unless the Interest Category of this Note is specified above as a "Floating Rate/Fixed Rate Note" or an "Inverse Floating Rate Note" or in the event either "Other Provisions" or an Addendum hereto applies, in each case, relating to a different interest rate formula, this Note shall be designated as a "Regular Floating Rate Note" and, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any; in each case as specified above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date specified above; *provided, however*, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

(2) If the Interest Category of this Note is specified above as a "Floating Rate/Fixed Rate Note" then, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, in each case as specified above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that (y) the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (z) the interest rate in effect for the period commencing on, and including, the Fixed Rate Commencement Date specified above to the Maturity Date (or date of earlier redemption or repayment) shall be the Fixed Interest Rate specified above or, if no Fixed Interest Rate is so specified, the interest rate in effect on the day immediately preceding the Fixed Rate Commencement Date.

(3) If the Interest Category of this Note is specified above as an "Inverse Floating Rate Note" then, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, this Note shall bear interest at (a) the Fixed Interest Rate specified above minus (b) the rate determined by reference to the applicable Interest Rate Basis or Bases:

1. plus or minus the applicable Spread, if any, and/or
2. multiplied by the applicable Spread Multiplier, if any, in each case as specified above;

*provided, however*, that, unless otherwise specified above under "Other Provisions" or in an Addendum hereto, the interest rate hereon shall not be less than zero. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset on each Interest Reset Date; *provided, however*, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate set forth above.

The "Spread" is the number of basis points (one basis point equals one-hundredth of a percentage point) specified above to be added to or subtracted from the Interest Rate Basis for a Floating Rate Note, and the "Spread Multiplier" is the percentage specified above by which the Interest Rate Basis for such Floating Rate Note will be multiplied. Both a Spread and/or a Spread Multiplier may be applicable to the Interest Rate Basis for a particular Floating Rate Note, as set forth above.

Each such adjusted Interest Rate Basis shall be applicable on and after the Interest Reset Date to which it relates but not including the next succeeding Interest Reset Date. If any Interest Reset Date is a day that is not a Business Day, such Interest Reset Date shall be postponed to the next day that is a Business Day. In addition, if the Treasury Rate is the applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then the Interest Reset Date will be postponed to the next succeeding Business Day. Subject to applicable provisions of law (including usury laws) and except as specified in this Note, on each Interest Reset Date, the rate of interest on this Note shall be the rate determined in accordance with the provisions of the applicable heading below.

With respect to a Floating Rate Note, accrued interest shall be calculated by multiplying the principal amount thereof by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factors calculated for each day in the Interest Period or from the last date from which accrued interest is being calculated. The interest factor for each such day is computed by dividing the interest rate applicable to such day by 360, in the cases of CD Rate Notes, Commercial Paper Rate Notes, Federal Funds Rate Notes and Prime Rate Notes or by the actual number of days in the year, in the cases of CMT Rate Notes and Treasury Rate Notes. The interest rate applicable to any day that is an Interest Reset Date will be the interest rate effective on such Interest Reset Date. The interest rate applicable to any other day will be the interest rate for the immediately preceding Interest Reset Date (or, if none, the Initial Interest Rate, as specified above).



The "Calculation Date", where applicable, pertaining to an Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if any such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day preceding the applicable Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment), as the case may be.

For Floating Rate Notes, Citibank, N.A. shall be the calculation agent unless another calculation agent is specified above (the "Calculation Agent"). As Calculation Agent, Citibank,

N.A. shall have all of the rights, protections, immunities and indemnities provided to it as Trustee under the Indenture, unless a calculation agency agreement is entered into, in which case, such agreement would control. The interest rate applicable to each interest period will be determined by the Calculation Agent on or prior to the applicable Calculation Date. At the request of the Holder, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate which will become effective on the next Interest Reset Date.

All percentages resulting from any calculation of the rate of interest on a Floating Rate Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percent (.0000001), with five one-millionths of a percentage point rounded upward, and all dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

**Determination of CD Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the CD Rate, unless otherwise specified above, the "CD Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "CD Interest Determination Date") and shall be the rate on the applicable CD Interest Determination Date for negotiable United States dollar certificates of deposit having the Index Maturity specified above as published in H.15(519) (as defined below) on such CD Interest Determination Date under the heading "CDs (secondary market)". If the rate referred to in the preceding sentence is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the CD Rate shall be the rate on the applicable CD Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified above as published in H.15 Daily Update (as defined below), or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "CDs (secondary market)". If the rate referred to in the preceding sentence is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the CD Rate shall be the rate on the applicable CD Interest Determination Date calculated by the Calculation Agent on the Notes as the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on the applicable CD Interest Determination Date, of three leading non-bank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include an agent or its affiliates) selected by the Company for negotiable United States dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified above in an amount that is representative for a single transaction in that market at that time. If the dealers selected by the Company as provided in the preceding sentence are not quoting as mentioned in such sentence, the CD Rate shall be the CD Rate in effect on the applicable CD Interest Determination Date.

"H.15(519)" means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

**Determination of CMT Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the CMT Rate, unless otherwise specified above, the "CMT Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "CMT Interest Determination Date") and shall be, if "CMT Reuters Page FRBCMT" is specified above, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as the yield is displayed on Reuters, Inc. (or any successor or similar service), on page FRBCMT (or any other page as may replace the specified page on that service under the caption "Treasury Constant Maturities") ("Reuters Page FRBCMT"). If the rate referred to in the preceding sentence does not appear on Reuters Page FRBCMT, the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, and for the applicable CMT Interest Determination Date as published in H.15(519) under the caption "Treasury Constant Maturities". In the event the rate referred to in the preceding sentence does not appear in H.15(519), then the CMT Rate for such CMT Interest Determination Date will be the rate on the applicable CMT Interest Determination Date for the period of the Index Maturity specified above, as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). In the event the rate referred to in the preceding sentence is not published, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three leading primary United States government securities dealers in the City of New York, which may include an agent of the Company or such agent's affiliates (each a "Reference Dealer"), selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation (or, in the event of equality, one of the highest), and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity equal to the Index Maturity specified above, a remaining term to maturity no more than one year shorter than the Index Maturity specified above and in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two of the prices referred to in the above sentence are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations shall be eliminated; *provided, however*, that if fewer than three prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company from five Reference Dealers selected by the Company and

eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the Index Maturity specified above, and a remaining term to maturity closest to the Index Maturity specified above, and in a principal amount that is representative for a single transaction in the securities in the market at that time. However, if fewer than five but more than two prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations will be eliminated. If fewer than three prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be the CMT Rate in effect on the applicable CMT Interest Determination Date. If the CMT Reuters Page FEDCMT is specified above, the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the one-week or one-month, as specified above, and will be the average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as the yield is displayed on Reuters, Inc. (or any successor service) on page FEDCMT (or any other page as may replace that specified page on that service) ("Reuters Page FEDCMT"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the related CMT Interest Determination Date falls. If the rate referred to in the preceding sentence does not appear on Reuters Page FEDCMT, then the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the one-week or one-month, as specified above, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, and for the week or month, as applicable, preceding the applicable CMT Interest Determination Date as published in H.15(519) opposite the caption "Treasury Constant Maturities". If the rate referred to in the preceding sentence does not appear in H.15(519), then the CMT Rate for such CMT Interest Determination Date will be the one-week or one-month, as specified above, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the related CMT Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish the rate referred to above, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation (or, in the event of equality, one of the highest), and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity equal to the Index Maturity specified above, and a remaining term to maturity no more than one year shorter than the Index Maturity specified above, and in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two of the prices referred to above are provided as requested, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations shall be eliminated. If fewer than three prices referred to above are provided as requested, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of

approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation or (in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity greater than the Index Maturity specified above, and a remaining term to maturity closest to the Index Maturity specified above and will be in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two prices referred to above are provided as requested, the rate will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations will be eliminated, or if fewer than three prices referred to above are provided as requested, the CMT Rate will be the CMT Rate in effect on the applicable CMT Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity as specified above have remaining terms to maturity equally close to the Index Maturity specified above, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

**Determination of Commercial Paper Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the Commercial Paper Rate, unless otherwise specified above, the "Commercial Paper Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "Commercial Paper Interest Determination Date") and shall be the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity as indicated above, as such rate shall be published in H.15(519) under the caption "Commercial Paper-Nonfinancial". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the applicable Calculation Date, then the Commercial Paper Rate shall be calculated by the Calculation Agent as the Money Market Yield of the Commercial Paper Rate on the applicable Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified above, published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Commercial Paper-Nonfinancial". If by 3:00 p.m., New York City time, on the applicable Calculation Date, such rate is not yet published as provided in the preceding sentence, then the Commercial Paper Rate on the applicable Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent as the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 a.m., New York City time, on the applicable Commercial Paper Interest Determination Date of three leading dealers of United States dollar commercial paper in the City of New York, which may include an agent of the Company or such agent's affiliates, selected by the Calculation Agent for commercial paper having the Index Maturity specified above, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided, however*, that if the dealers selected as aforesaid by the Company are not quoting offered rates as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on the applicable Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" refers to the actual number of days in the interest period for which interest is being calculated.

**Determination of Federal Funds Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to the Federal Funds Rate, unless otherwise specified above, the "Federal Funds Rate" with respect to each Interest Reset Date will be determined by the Calculation Agent as of the first Business Day prior to such Interest Reset Date (a "Federal Funds Interest Determination Date") and shall be the rate on that date for United States dollar Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)", as displayed on Reuters, Inc. (or any successor service) on page FEDFUND01 (or any other page as may replace the applicable page on that service) (Reuters Page FEDFUND01) or, if such rate does not appear on Reuters Page FEDFUND01, or is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the rate on the applicable Federal Funds Interest Determination Date for United States dollar Federal Funds will be the rate on such Federal Funds Interest Determination Date as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Federal Funds (Effective)". If such rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the Federal Funds Rate will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar Federal Funds arranged by three leading brokers of United States dollar Federal Funds transactions in the City of New York, which may include an agent of the Company or such agent's affiliates, selected by the Company before 9:00 a.m., New York City time, on the applicable Federal Funds Interest Determination Date; *provided, however*, that if the brokers selected as aforesaid by the Company are not quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on the applicable Federal Funds Interest Determination Date.

**Determination of Prime Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the Prime Rate, unless otherwise specified above, the "Prime Rate" with respect to each Interest Reset Date will be determined by the Calculation Agent as of the first Business Day prior to such Interest Reset Date (a "Prime Interest Determination Date") and shall be the rate set forth on such date as published in H.15(519) under the caption "Bank Prime Loan", or if not so published prior to 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Prime Interest Determination Date, then the Prime Rate will be as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate under the caption "Bank Prime Loan", or if not so published prior to 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Prime Interest Determination Date, then the Prime Rate will be determined by the Calculation Agent as the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined below) as the particular bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on the applicable Prime Interest Determination Date. If fewer than four such rates are so published by 3:00 p.m., New York City time, on the applicable Calculation Date as

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shown on the Reuters Screen US PRIME 1 Page for the Prime Interest Determination Date, the Prime Rate will be determined by

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the Calculation Agent as the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on the applicable Prime Interest Determination Date by three major banks, which may include an agent of the Company or such agent's affiliates, in the City of New York selected by the Company. However, if the banks selected by the Company are not quoting as mentioned in the preceding sentence, the Prime Rate will be the Prime Rate in effect on the applicable Prime Interest Determination Date.

"Reuters Screen US PRIME 1 Page" means the display on the Reuter Money 3000 Service or any successor service on the "US PRIME 1 Page" or other page as may replace US PRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

**Determination of Treasury Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to the Treasury Rate, unless otherwise specified above, the "Treasury Rate" for each Interest Reset Date will be the rate from the auction held on the applicable Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity, as specified above, as published under the caption "INVESTMENT RATE" on the display on Reuters, Inc. or any successor or similar service on page USAUCTION 10 or any other page as may replace page USAUCTION 10 on that service ("Reuters Page USAUCTION 10") or page USAUCTION 11 on that service ("Reuters Page USAUCTION 11"), or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date (as defined below), the Bond Equivalent Yield of the rate for the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High", or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills announced by the United States Department of the Treasury, or, if the rate is not announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the rate on the applicable Treasury Rate Determination Date of Treasury Bills having the Index Maturity specified above, published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market", or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date, the rate on the applicable Treasury Rate Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market". In the event that the results of the auction of Treasury Bills having the applicable Index Maturity specified above are not published or reported, as provided above, by 3:00 p.m., New York City time, on the applicable Calculation Date or if no such auction is held on such Treasury Rate Determination Date, then the Treasury Rate on the applicable Treasury Rate Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the applicable Treasury Rate Determination Date, of three primary United States government securities dealers, which may include the agent or its affiliates, selected by the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified above;

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*provided, however*, that if the dealers selected as aforesaid by the Company are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on the applicable Treasury Rate Determination Date.

The "Treasury Rate Determination Date" for any Interest Reset Date will be the day of the week in which such Interest Reset Date falls on which Treasury Bills would normally be auctioned. Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Rate Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week.

"Bond Equivalent Yield" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal; "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

**Provisions Applicable To Both Fixed Rate Notes And Floating Rate Notes:**

The interest so payable on any Interest Payment Date will, subject to certain exceptions in the Indenture hereinafter referred to, be paid to the person in whose name this Note is registered at the close of business on the Regular Record Date (as defined below) immediately preceding such Interest Payment Date or, if the Interest Payment Date is the Maturity Date or the date of earlier redemption or repayment, to the person in whose name this Note is registered at the close of business on the Maturity Date or such earlier date of redemption or repayment; *provided, however*, that if the Original Issue Date is between a Regular Record Date and an Interest Payment Date or on an Interest Payment Date, interest for the period from and including the Original Issue Date to, but excluding, the Interest Payment Date relating to such Regular Record Date shall be paid on the next succeeding Interest Payment Date to the person in whose name this Note is registered on the close of business on the Regular Record Date preceding such Interest Payment Date. If this Note bears interest at a Fixed Rate, as specified above, unless otherwise specified above, the "Regular Record Date" with respect to any Interest Payment Date shall be the 31st day of May and the 30th day of November, whether or not a Business Day, immediately preceding the related Interest Payment Date. If this Note bears interest at a Floating Rate, as specified above, the "Regular Record Date" with respect to any Interest Payment Date shall be the fifteenth calendar day next preceding such Interest Payment Date, whether or not such date shall be a Business Day.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date or any earlier redemption or repayment date will be made in immediately available

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funds upon presentation and surrender of this Note; *provided, however*, that if a Specified Currency is specified above and such payment is to be made in such Specified

Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date or such earlier redemption or repayment date, as the case may be, *provided that* such bank has appropriate facilities therefor and that this Note is presented and surrendered at the Place of Payment specified above in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date, other than the Maturity Date or any earlier redemption or repayment date, will be made at the Place of Payment specified above.

Whenever in this Note or in the Indenture there is a reference, in any context, to the payment of the principal of, or interest, if any, on, or in respect of, the Notes, such payment shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect of such payment pursuant to the provisions hereof or thereof and express mention of the payment of Additional Amounts (if applicable) in any provision hereof or thereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in United States dollars or, if a Specified Currency is indicated above, in such Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts of the country issuing such currency or, in the case of the Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty Establishing the European Community, as amended by the Treaty on European Union, such other currency which is then such legal tender in such country or in the adopting member states of the European Union, as the case may be). If a Specified Currency is specified above, except as otherwise provided below, any such amounts so payable by the Company will be converted by a New York clearing house bank designated by the Company (the "Exchange Rate Agent") into United States dollars for payment to the Holder of this Note.

If a Specified Currency is specified above, the Holder of this Note may elect to receive any amount payable hereunder in such Specified Currency. If the Holder of this Note shall not have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency, any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in the City of New York received by the Exchange Rate Agent at approximately 11:00 a.m., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

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If a Specified Currency is specified above, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency by submitting a written request for such payment to the Trustee at the Place of Payment on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date (or any earlier redemption or repayment date), as the case may be. Such written request may be mailed or hand delivered or sent by facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date (or any earlier redemption or repayment date), as the case may be.

If a Specified Currency is specified above and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency, but such Specified Currency is not available for such payment due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate on or before the date on which such payment is due. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in the City of New York for cable transfers of the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

In case an Event of Default (as defined in the Indenture) with respect to Notes of this series shall occur and be continuing, the principal amount (or, if the Note is an Original Issue Discount Note, such lesser portion of the principal amount as may be applicable) of the Notes of this series may be declared due and payable, and, with respect to certain Events of Default, shall automatically become due and payable, in each case in the manner and with the effect provided in the Indenture. If this Note is an Original Issue Discount Note, in the event of an acceleration of the Maturity Date hereof, the amount payable to the Holder of this Note upon such acceleration will be determined by this Note but will be an amount less than the amount payable at the Maturity Date of this Note.

The Indenture permits, with certain exceptions as therein provided, the modification of the rights and obligations of the Company and the Guarantor and the rights of the Holders of the Debt Securities (as defined in the Indenture) of each series to be affected by such modification under the Indenture at any time by the Company and the Guarantor with the consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Debt

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Securities (as defined in the Indenture) of each series to be affected by such modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Outstanding Debt Securities of each series, on behalf of the Holders of all Debt Securities of such series, to waive compliance by the Company and the Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences.

This Note is issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof or other Authorized Denomination specified above.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note may be registered in the Debt Security Register (as defined in the Indenture) of this series upon surrender of this Note for registration of transfer at the Place of Payment specified above, duly endorsed by or accompanied by, a written instrument of transfer in form satisfactory to the Company and the Trustee, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon a new Note or Notes of this series of Authorized Denomination and for the same aggregate principal amount, with the Guarantee endorsed thereon, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer, exchange or redemption of the Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Trustee, and any agent of the Company or the Trustee may treat the person in whose name this Note is registered in the Debt Security Register as the owner of this Note for all purposes (other than for the determination of any Additional Amounts payable) and neither the Company nor the Trustee nor any such agent shall be affected by any notice to the contrary.

Prior to May 11, 2029 (the "Par Call Date"), the Company may redeem the Notes at its option in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the Par Call Date, the Company may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

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If any redemption date falls on a day that is not a Business Day, the related payment of the redemption price and interest will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day. "Treasury Rate" means, with respect to any redemption date, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of

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principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. The Trustee shall have no responsibility in calculating the redemption price.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the Depository's procedures) at least 10 days but not more than 60 days before the redemption date to the Holder hereof in accordance with Section 15.03 of the Indenture, except that redemption notices may be provided more than 60 days prior to the redemption date if the notice is issued in connection with the defeasance or discharge of the Notes and/or the Indenture. Notwithstanding anything to the contrary in the foregoing, notice of any redemption to the Holder hereof may, in the Company's discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, the related notice of redemption will describe each such condition and, if applicable, will state that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

In the case of a partial redemption, selection of the Notes for redemption will be made pro rata, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. No Notes of a principal amount of \$2,000 or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to the Note will state the portion of the principal amount of the Note to be redeemed. A new Note in a principal amount equal to the unredeemed portion of the Note will be issued in the name of the Holder upon surrender for cancellation of the original Note. For so long as the Notes are held by the Depository, the redemption of the Notes shall be done in accordance with the policies and procedures of the Depository.

Unless the Company defaults in the payment of the redemption price on and after the redemption date, interest will cease to accrue on the principal amount of this Note called for redemption.

This Note will not be subject to, or have the benefit of, any sinking fund.

Subject to Article Thirteen of the Indenture, if an HDI Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its option to redeem this Note as described above, the Company will be required to make an offer (the "Change of Control Offer") to each Holder of the Notes to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of such Holder's Notes on the terms set forth herein. In the Change of Control Offer, the Company will be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but excluding, the date of repurchase (the "Change of Control Payment").

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Subject to Article Thirteen of the Indenture, within 30 days following any HDI Change of Control Triggering Event or, at the Company's option, prior to any HDI Change of Control (as defined below), but after public announcement by HDI (as defined below) of the transaction that constitutes, or would constitute upon consummation thereof, an HDI Change of Control, a notice will be delivered to Holders of the Notes describing the transaction that constitutes, or would constitute upon consummation thereof, the HDI Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice. Such date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, other than as may be required by law (the "Change of Control Payment Date"). The notice will, if delivered prior to the date of consummation of the HDI Change of Control, state that the offer to purchase is conditioned on the HDI Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

If any Change of Control Payment Date falls on a day that is not a Business Day, the related payment of the Change of Control Payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day.

On the Change of Control Payment Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions of Notes properly tendered and not validly withdrawn pursuant to the Change of Control Offer; (ii) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all such Notes or portions of Notes properly tendered and not validly withdrawn; and (iii) deliver or cause to be delivered to the Trustee such Notes properly accepted together with a Company Officers' Certificate (as defined in the Indenture) stating the aggregate principal amount of such Notes or portions of Notes being repurchased.

The Company will not be required to comply with the obligations relating to repurchasing the Notes if a third-party instead satisfies them.

The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "~~Exchange Act~~"), and any other securities laws and regulations applicable to the repurchase of the Notes. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, the Company will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Notes by virtue of any such compliance.

If Holders of not less than 95% in aggregate principal amount of the outstanding Notes properly tender and do not validly withdraw such amount of the Notes in a Change of Control Offer, and the Company, or any third-party making an offer to purchase the Notes in connection with an HDI Change of Control Triggering Event in lieu of the Company, purchase such amount of the Notes properly tendered and not validly withdrawn by such Holders, then the Company will have the right, upon notice described above, given not more than 30 days following the Change of Control Payment Date, to redeem all (but not less than all) of the Notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date

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(subject to the right of Holders of record as of the close of business on the relevant Regular Record Date to receive interest on the applicable Interest Payment Date). If the redemption date falls on a day that is not a Business Day, the related payment of the redemption price and interest will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day. For purposes of the Change of Control Offer provisions of the Notes, the following terms will be applicable:

"Below Investment Grade Rating Event" means the Notes cease to be rated an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period after the earlier of (1) the occurrence of an HDI Change of Control and (2) the first public announcement by Harley-Davidson, Inc. ("HDI") of the intention of HDI to effect an HDI Change of Control (which 60-day period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible downgrade of the rating of the notes of such series); *provided that* a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular HDI Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of HDI Change of Control Triggering Event hereunder) if any of the Rating Agencies making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Company in writing at the Company's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable HDI Change of Control (whether or not the applicable HDI Change of Control shall have occurred at the time of the Below Investment Grade Rating Event). The Trustee has no obligation to monitor the ratings of the Notes for purposes of determining the occurrence of a Below Investment Grade Rating Event.

"Fitch" means Fitch Ratings, Inc. and its successors.

"HDI Change of Control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than HDI or one of its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of HDI or other Voting Stock into which the Voting Stock of HDI is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; or (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation or as a pledge for security purposes only), in one or a series of related transactions, of all or substantially all of the assets of HDI and the assets of the subsidiaries of HDI, taken as a whole, to one or more "persons" (as that term is defined in the Indenture), other than HDI or one of its subsidiaries and other than any such transaction or series of related transactions where holders of Voting Stock of HDI outstanding immediately prior thereto hold voting stock of the transferee person representing a majority of the voting power of the transferee person's voting stock immediately after giving effect thereto. Notwithstanding the foregoing, a transaction will not be deemed to be an HDI Change of Control if (1) HDI becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are

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substantially the same as the holders of the Voting Stock of HDI immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. "HDI Change of Control Triggering Event" means the occurrence of both an HDI Change of Control and a Below Investment Grade Rating Event. Notwithstanding anything to the contrary, no HDI Change of Control Triggering Event will be deemed to have occurred in connection with any particular HDI Change of Control unless and until such HDI Change of Control has actually been consummated.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or its equivalent under any successor rating category of Moody's), BBB- by S&P (or its equivalent under any successor rating category of S&P) and BBB- by Fitch (or its equivalent under any successor rating category of Fitch), and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

"Moody's" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"Rating Agencies" means (1) each of Moody's, S&P and Fitch, and (2) if any of Moody's, S&P or Fitch (or in each case any replacement thereof appointed pursuant to this definition) ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" as defined under Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency for Moody's, S&P and/or Fitch, as the case may be; *provided that* the Company shall give notice of any such replacement to the Trustee.

"S&P" means S&P Global Ratings, a division of S&P Global Inc. and its successors.

"Voting Stock" means, with respect to any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

In lieu of Section 5.05 of the Indenture, the following covenant shall apply:

Limitation on Liens. The Company and the Guarantor will not, nor will they permit any Subsidiary (as defined in the Indenture) of the Company or the Guarantor to, issue or assume any Indebtedness (as defined in the Indenture) secured by a Lien (as defined in the Indenture) upon any Property (as defined in the Indenture) (now owned or hereinafter acquired) of the Company or the Guarantor or any such Subsidiary without in any such case effectively providing concurrently with the issuance or assumption of any such Indebtedness that the Notes (together with, if the Company or the Guarantor shall so determine, any other Indebtedness of the Company or the Guarantor or any such Subsidiary ranking equally with the Notes then existing or thereafter created) shall be secured equally and ratably with such Indebtedness. The restrictions set forth in the immediately preceding sentence will not, however, apply if the aggregate amount of Indebtedness issued or assumed by the Company, the Guarantor or such Subsidiaries and so secured by Liens, together with all other Indebtedness of the Company, the

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Guarantor or such Subsidiaries which (if originally issued or assumed at such time) would otherwise be subject to such restrictions, but not including Indebtedness permitted to be secured under clauses (i) through (xv) of the immediately following paragraph, does not at the time such secured Indebtedness is incurred exceed 15% of the applicable Consolidated Net Tangible Assets (as defined in the Indenture).

The restrictions set forth above shall not apply to Indebtedness secured by:

- (1) Liens existing on the date of the original issuance of the Notes;
  - (2) Liens on any Property of any company existing at the time such company becomes a Subsidiary of the Company or the Guarantor, which Liens are not created in contemplation of such company becoming a Subsidiary of the Company or the Guarantor;
  - (3) Liens on any Property existing at the time such Property is acquired by the Company, the Guarantor or a Subsidiary of the Company or the Guarantor, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of such Property by the Company, the Guarantor or a Subsidiary of the Company or the Guarantor or to secure any Indebtedness incurred prior to, at the time of, or within 180 days after, the later of the date of acquisition of such Property and the date such Property is placed in service, for the purpose of financing all or any part of the purchase price thereof, or Liens to secure any Indebtedness incurred for the purpose of financing the cost to the Company, the Guarantor or a Subsidiary of the Company or the Guarantor of improvements to such acquired Property or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price of the cost of construction of the Property subject to such Liens;
  - (4) Liens securing any Indebtedness of the Company, a Subsidiary of the Company or the Guarantor owing to the Company, the Guarantor or to another Subsidiary of the Company or the Guarantor;
  - (5) Liens created in connection with a securitization or other asset-based financing;
  - (6) Liens with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or which are being contested in good faith;
  - (7) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith;
  - (8) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), surety, appeal and performance bonds;
  - (9) Liens arising with respect to zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges or encumbrances on the use of real property which do not interfere with the ordinary conduct of the business of the Company, the Guarantor or any of their respective Subsidiaries;
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(10) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against the Company, the Guarantor or any of their respective Subsidiaries;

(11) Liens arising from leases, subleases or licenses granted to others which do not interfere in any material respect with the business of the Company, the Guarantor or any of their respective Subsidiaries;

(12) any interest or title of the lessor in the Property subject to any operating lease (as determined in accordance with GAAP as in effect as of December 1, 2018), entered into by the Company, the Guarantor or any of their respective Subsidiaries in the ordinary course of business;

(13) Liens, if any, in connection with any sale/leaseback transaction;

(14) Liens on assets pledged in respect of Indebtedness that has been redeemed, defeased and/or discharged in accordance with the provisions thereof through the deposit of cash, cash equivalents or marketable securities (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness); and

(15) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing clauses (i) - (xiv); provided, however, that such new Lien is limited to the Property (or type of Property) which was subject to the prior Lien immediately before such extension, renewal or replacement, and provided, further, that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or replacement is not increased.

In lieu of Section 7.01(f) and Section 7.01(i) of the Indenture, each of the following, respectively, shall constitute an Event of Default with respect to the Notes:

(6) any event of default by the Company, the Guarantor or any of their respective Subsidiaries as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of the Company, the Guarantor or any of their respective Subsidiaries, as the case may be, whether such Indebtedness now exists or shall hereafter be created, resulting in such Indebtedness in a principal amount of at least \$150,000,000 becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not be rescinded or annulled within a period of 30 days after there has been given, by overnight courier, registered or certified mail, to the Company and the Guarantor by the Trustee or to the Company, the Guarantor and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; and

(a) final judgment of money in excess of \$150,000,000 (not covered by third-party insurance), singularly or in the aggregate, shall be rendered against the Company or the Guarantor or any of their respective Material Subsidiaries (as defined in the Indenture) and shall remain undischarged and unstayed for a period (during which execution shall not be effectively stayed) of 60 days after such judgment becomes final.

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The Company may "reopen" a previously issued tranche of Notes and issue additional Notes of such tranche or establish additional terms of such tranche or issue notes with the same terms as previously issued Notes (except for the Original Issue Date, Issue Price and, if applicable, the initial Interest Payment Date).

The Company may at any time purchase this Note at any price in the open market or otherwise. Notes so purchased by the Company may be held or resold or, at the discretion of the Company, may be surrendered to the Trustee for cancellation.

For the avoidance of doubt, Article Thirteen of the Indenture shall apply to the Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligations of the Company and the Guarantor, which are absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note, at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

By acceptance of this Note, the Holder hereof agrees to be bound by the provisions of the Indenture. Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture. Facsimile signatures for the purposes of the Indenture are intended to include electronic signatures (including DocuSign). This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under the Indenture.

None of the Trustee, the paying agent or the Calculation Agent shall be under any obligation (i) to monitor, determine or verify the unavailability or cessation of any benchmark or floating rate note index, or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any benchmark transition event or related benchmark replacement date, (ii) to select, determine or designate any benchmark replacement, or other successor or replacement benchmark index or basis, or whether any conditions to the designation of such a rate or index have been satisfied, or (iii) to select, determine or designate any benchmark replacement adjustment, or other modifier to any replacement or successor index, or (iv) to determine whether or what benchmark replacement conforming changes are necessary or advisable, if any, in connection with any of the foregoing, including, but not limited to, adjustments as to any alternative spread thereon, the business day convention, interest determination dates or any other relevant methodology applicable to such substitute or successor benchmark. In connection with the foregoing, each of the Trustee, paying agent and Calculation Agent shall be entitled to conclusively rely on any determinations made by the Company or its designee without independent investigation, and none will have any liability for actions taken at the Company's direction in connection therewith.

None of the Trustee, the paying agent or the Calculation Agent shall be liable for any inability, failure or delay on its part to perform any of its duties set forth herein as a result of the unavailability of any benchmark or index or other applicable benchmark replacement, including as a result of any failure, inability, delay, error or inaccuracy on the part of any other transaction

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party in providing any direction, instruction, notice or information required or contemplated by the terms hereof and reasonably required for the performance of such duties. None of the Trustee, the paying agent or the Calculation Agent shall be responsible or liable for the Company's actions or omissions or for those of the Company's designee, or for any failure or delay in the performance by the Company or its designee, nor shall any of the Trustee, paying

agent or Calculation Agent be under any obligation to oversee or monitor the Company's performance or that of its designee.

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**IN WITNESS WHEREOF**, the Company has caused this instrument to be duly executed, manually or by facsimile by an authorized signatory.

**HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**

By:\_\_\_ Name: David Viney  
Title: Vice President and Treasurer

By: \_\_ Name: Susan Paskvan  
Title: Vice President and Chief Financial Officer

Dated: June 11, 2024

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Debt Securities of the series designated herein and referred to in the within-mentioned Indenture.

**CITIBANK, N.A.,**  
as Trustee

By: \_\_\_\_ Authorized Signatory

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## GUARANTEE

For value received, undersigned hereby fully, irrevocably and unconditionally guarantees, pursuant to the terms of the Guarantee contained in Article Sixteen of the Indenture, to the Holder of this Note and to the Trustee, on behalf of the Holder, the due and punctual payment of the principal of, and any premium, interest and any Additional Amounts on, this Note, when and as the same shall become due and payable, whether at the stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of this Note and the Indenture. This Guarantee will not be valid or obligatory for any purpose until the Trustee duly executes the certificate of authentication on the Note upon which this Guarantee is endorsed.

Dated: June 11, 2024

HARLEY-DAVIDSON CREDIT CORP.,  
a Nevada corporation

By:\_\_\_ Name: David Viney  
Title: Vice President, Treasurer and Assistant Secretary

Attest:

By:\_\_\_\_ Name: Susan Paskvan  
Title: Vice President and Chief Financial Officer

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## ABBREVIATIONS

The following abbreviations, when used in the inscription on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common UNIF GIFT MIN ACT - Custodian  
(Cust) (Minor)

TEN ENT - as tenants by the entireties under Uniform Gifts to Minors

JT TEN - as joint tenants with right of

Act

survivorship and not as tenant in common

(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto: (Please insert social security or other identifying number of assignee)

(Name and address of assignee, including zip code, must be printed or typewritten)

the within Note, and all rights thereunder, hereby irrevocably constituting and appointing  
\_\_\_ attorney to transfer said Note on the books of the within Company, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the within Note in every particular, without alteration or enlargement or any change whatever and must be guaranteed.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM) PURSUANT TO SEC RULE 17Ad-15.

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SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made

<div>Date of Exchange</div>	<div>Amount of increase in Principal Amount of this Global Note</div>	<div>Amount of decrease in Principal Amount of this Global Note</div>	<div>Principal Amount of this Global Note following each decrease or increase</div>	<div>Signature of authorized signatory of Trustee</div>
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**HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**  
**5.950% MEDIUM-TERM NOTES DUE 2029**

**Fully and Unconditionally Guaranteed by Harley-Davidson Credit Corp.**

THIS SECURITY IS A GLOBAL DEBT SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY (AS DEFINED IN THE INDENTURE) OR A NOMINEE THEREOF. THIS GLOBAL DEBT SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL DEBT SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY, OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY, OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND, ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY OTHER APPLICABLE JURISDICTION. BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY (OR ANY

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PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN ACCREDITED INVESTOR WITHIN THE MEANING OF SUBPARAGRAPH (a)(1), (2), (3) OR (7) OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS SECURITY OR ANY INTEREST OR PARTICIPATION HEREIN FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSES (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR DEFINITIVE NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), UNLESS SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT.

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HARLEY-DAVIDSON FINANCIAL SERVICES, INC.  
5.950% MEDIUM-TERM NOTES DUE 2029

Fully and Unconditionally Guaranteed  
by Harley-Davidson Credit Corp.

No. S001

CUSIP No. U24652 AW6 ISIN USU24652AW63

Common Code No. 284206452

Issue Price: 99.842%

Original Issue Date: June 11, 2024

Principal Account \$43,874,000

as revised by the Schedule of Increases or Decreases in Global  
Note attached hereto

Maturity Date: June 11, 2029

Index Maturity:

☒ Fixed Rate

Interest Rate: 5.950%

☐ Floating Rate

Interest Rate Basis:

☐ Original Issue Discount Note Total Amount of OID:

Yield to Maturity: %

Initial Accrual Period OID:

☐ CD Rate Specified Currency (if other than U.S. dollars): N/A

☐ CMT Rate

☐ CMT Reuters Page FRBCMT:

☐ CMT Reuters Page FEDCMT: Option to Receive Payments In Specified  
Currency (non-U.S. dollar denominated Note): N/A

☐ Commercial Paper Rate

☐ Federal Funds

Authorized Denomination: Minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof

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☐ Prime Rate

Place of Payment: (if other than as set forth in the Indenture): N/A

☐ Treasury Rate

☐ Other

Spread (Plus or Minus) Initial Redemption Date: Initial Redemption Percentage:

Annual Redemption Percentage Reduction: Repayment Date:

Spread Multiplier: % Renewable: ☐ Yes ☐ No Extendable: ☐ Yes ☐ No

Interest Category:

Final Maturity Date:

☐ Regular Floating Rate Note

☐ Floating Rate/Fixed Rate Note

Fixed Rate Commencement Date: Fixed Interest

Rate %

☐ Inverse Floating Rate Note Initial Interest Reset Date:

Interest Reset Dates:

Initial Interest Rate

Interest Payment Dates (in the case of a Floating Rate Note and, in the case of a Fixed Rate Note, other than as set forth below): N/A

Maximum Interest Rate % Minimum Interest Rate %

Regular Record Dates (if other than as set forth below): N/A

Interest Determination Dates (if other than as set forth below): N/A

Additional Amounts applicable for Company: ☐ Yes

☒ No

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Additional Amounts applicable for Guarantor: ☐ Yes  
☒ No

Addendum Attached ☐ Yes  
☒ No

Other Provisions:

Authorized Denomination (only if non-U.S. dollar denominated Note):  
N/A

Calculation Agent (if other than the Trustee): N/A

Interest Payment Period: N/A

Harley-Davidson Financial Services, Inc., a corporation duly organized under the laws of the State of Delaware (herein called the Company), which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Principal Amount specified above, as revised by the Schedule of Increases or Decreases in Global Note attached hereto, on the Maturity Date specified above and to pay to the registered holder of this Note (the Holder) interest on said Principal Amount at a rate per annum specified above and upon the terms provided below under either the heading "Provisions Applicable to Fixed Rate Notes Only" or "Provisions Applicable to Floating Rate Notes Only".

This Note is one of the Company's duly authorized issue of notes in the series titled 5.950% Medium-Term Notes due 2029 (herein referred to as the Notes), all issued or to be issued under an indenture, dated as of December 18, 2020 (as may be supplemented from time to time, the Indenture), among the Company, Harley-Davidson Credit Corp. (the Guarantor) and Citibank, N.A., as trustee (the Trustee), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Trustee, the Company, the Guarantor and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. The Notes of this series are limited (except as otherwise provided in the Indenture) to the aggregate principal amount established from time to time by the Company's Board of Directors (as defined in the Indenture). The Notes of this series may be issued at various times with different maturity dates and different principal repayment provisions, may bear interest at different rates and may otherwise vary, all as provided in the Indenture. The Notes of this series may be subject to redemption upon notice and in accordance with the provisions of this Note and the Indenture. The Company and the Guarantor may defease the Notes of this series in accordance with the provisions of the Indenture.

To secure the due and punctual payment of principal, any premium, any interest and Additional Amounts (as defined in the Indenture) on this Note by the Company under the Indenture, when and as the same shall become due and payable, whether at the Maturity Date, by

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declaration of acceleration, call for redemption or otherwise, the Guarantor has unconditionally guaranteed this Note pursuant to the terms of the Guarantee endorsed hereon and in Article Sixteen of the Indenture (the "Guarantee").

As used herein, the term "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in the City of New York; *provided, however*, that if a Specified Currency is specified above, the day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the country issuing such Specified Currency or, if such Specified Currency is the Euro, the day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Principal Financial Center" means, unless otherwise provided in this Note, the capital city of the country issuing the Specified Currency; except that with respect to United States dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the "Principal Financial Center" will be the City of New York, Sydney and (solely in the case of the Specified Currency) Melbourne, Toronto, Johannesburg and Zurich, respectively.

**Provisions Applicable To Fixed Rate Notes Only:**

If the "Fixed Rate" line above is checked, unless otherwise specified above, the Company will pay interest semiannually on June 11 and December 11 of each year (each such date fixed for the payment of interest, an "Interest Payment Date") commencing on December 11, 2024, and ending on the Maturity Date or upon earlier redemption or repayment to the person to whom principal is payable. Interest shall accrue from the Original Issue Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for on this Note to, but excluding, the next following Interest Payment Date, Maturity Date, or earlier date of redemption or repayment, as the case may be. Interest on Fixed Rate Notes will be computed by the Company on the basis of a 360-day year consisting of twelve 30-day months.

If any Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment) of this Fixed Rate Note falls on a day that is not a Business Day, the payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment), as the case may be.

**Provisions Applicable To Floating Rate Notes Only:**

If the "Floating Rate" line above is checked, the Company will pay interest on the Interest Payment Dates shown specified above at the Initial Interest Rate specified above until the first Interest Reset Date specified above following the Original Issue Date specified above and thereafter at a rate determined in accordance with the provisions hereinafter set forth under the headings "Determination of CD Rate", "Determination of CMT Rate", "Determination of Commercial Paper Rate", "Determination of Federal Funds Rate", "Determination of Prime Rate", or "Determination of Treasury Rate", depending on whether the Interest Rate Basis is the

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CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the Prime Rate, the Treasury Rate or other Interest Rate Basis.

An interest payment shall be the amount of interest accrued from and including the Original Issue Date, or from and including the last Interest Payment Date to which interest has been paid, to, but excluding, the next following Interest Payment Date, Maturity Date, or date of earlier redemption or repayment, as the case may be (an "Interest Period"). Notwithstanding any provision herein to the contrary, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified above.

If any Interest Payment Date for any Floating Rate Note, other than an Interest Payment Date at maturity, would fall on a day that is not a Business Day, such Interest Payment Date will be the following day that is a Business Day, and interest will continue to accrue to the following Business Day. If the Maturity Date (or date of earlier redemption or repayment) of any Floating Rate Note would fall on a day that is not a Business Day, the payment of interest and principal (and premium, if any) may be made on the next succeeding Business Day, and no interest on such payment will accrue for the period from and after the Maturity Date (or the date of earlier redemption or repayment).

Commencing with the first Interest Reset Date specified above following the Original Issue Date, the rate at which interest on this Note is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually as specified above under "Interest Reset Dates".

The interest rate borne by this Note will be determined as follows:

(1) Unless the Interest Category of this Note is specified above as a "Floating Rate/Fixed Rate Note" or an "Inverse Floating Rate Note" or in the event either "Other Provisions" or an Addendum hereto applies, in each case, relating to a different interest rate formula, this Note shall be designated as a "Regular Floating Rate Note" and, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any; in each case as specified above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date specified above; *provided, however*, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

(2) If the Interest Category of this Note is specified above as a "Floating Rate/Fixed Rate Note" then, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the Spread Multiplier, if any, in each case as specified above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset as of each Interest Reset Date; *provided, however*, that (y) the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (z) the interest rate in effect for the period commencing on, and including, the Fixed Rate Commencement Date specified above to the Maturity Date (or date of earlier redemption or

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repayment) shall be the Fixed Interest Rate specified above or, if no Fixed Interest Rate is so specified, the interest rate in effect on the day immediately preceding the Fixed Rate Commencement Date.

(3) If the Interest Category of this Note is specified above as an "Inverse Floating Rate Note" then, except as set forth below or specified above under "Other Provisions" or in an Addendum hereto, this Note shall bear interest at (a) the Fixed Interest Rate specified above minus (b) the rate determined by reference to the applicable Interest Rate Basis or Bases:

(24) plus or minus the applicable Spread, if any, and/or

(25) multiplied by the applicable Spread Multiplier, if any, in each case as specified above;

*provided, however*, that, unless otherwise specified above under "Other Provisions" or in an Addendum hereto, the interest rate hereon shall not be less than zero. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note shall be payable shall be reset on each Interest Reset Date; *provided, however*, that the interest rate in effect for the period, if any, from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate set forth above.

The "Spread" is the number of basis points (one basis point equals one-hundredth of a percentage point) specified above to be added to or subtracted from the Interest Rate Basis for a Floating Rate Note, and the "Spread Multiplier" is the percentage specified above by which the Interest Rate Basis for such Floating Rate Note will be multiplied. Both a Spread and/or a Spread Multiplier may be applicable to the Interest Rate Basis for a particular Floating Rate Note, as set forth above.

Each such adjusted Interest Rate Basis shall be applicable on and after the Interest Reset Date to which it relates but not including the next succeeding Interest Reset Date. If any Interest Reset Date is a day that is not a Business Day, such Interest Reset Date shall be postponed to the next day that is a Business Day. In addition, if the Treasury Rate is the applicable Interest Rate Basis and the Interest Determination Date would otherwise fall on an Interest Reset Date, then the Interest Reset Date will be postponed to the next succeeding Business Day. Subject to applicable provisions of law (including usury laws) and except as specified in this Note, on each Interest Reset Date, the rate of interest on this Note shall be the rate determined in accordance with the provisions of the applicable heading below.

With respect to a Floating Rate Note, accrued interest shall be calculated by multiplying the principal amount thereof by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factors calculated for each day in the Interest Period or from the last date from which accrued interest is being calculated. The interest factor for each such day is computed by dividing the interest rate applicable to such day by 360, in the cases of CD Rate Notes, Commercial Paper Rate Notes, Federal Funds Rate Notes and Prime Rate Notes or by the actual number of days in the year, in the cases of CMT Rate Notes and Treasury Rate Notes. The interest rate applicable to any day that is an Interest Reset Date will be the interest rate effective on such Interest Reset Date. The interest rate applicable to any other day will be the interest rate

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for the immediately preceding Interest Reset Date (or, if none, the Initial Interest Rate, as specified above).

The "Calculation Date", where applicable, pertaining to an Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if any such day is not a Business Day, the next succeeding Business Day or (ii) the Business Day preceding the applicable Interest Payment Date or the Maturity Date (or the date of earlier redemption or repayment), as the case may be.

For Floating Rate Notes, Citibank, N.A. shall be the calculation agent unless another calculation agent is specified above (the "Calculation Agent"). As Calculation Agent, Citibank, N.A. shall have all of the rights, protections, immunities and indemnities provided to it as Trustee under the Indenture, unless a calculation agency agreement is entered into, in which case, such agreement would control. The interest rate applicable to each interest period will be determined by the Calculation Agent on or prior to the applicable Calculation Date. At the request of the Holder, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate which will become effective on the next Interest Reset Date.

All percentages resulting from any calculation of the rate of interest on a Floating Rate Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percent (.000001), with five one-millionths of a percentage point rounded upward, and all dollar amounts used in or resulting from such calculation on Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

**Determination of CD Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the CD Rate, unless otherwise specified above, the "CD Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "CD Interest Determination Date") and shall be the rate on the applicable CD Interest Determination Date for negotiable United States dollar certificates of deposit having the Index Maturity specified above as published in H.15(519) (as defined below) on such CD Interest Determination Date under the heading "CDs (secondary market)". If the rate referred to in the preceding sentence is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the CD Rate shall be the rate on the applicable CD Interest Determination Date for negotiable United States dollar certificates of deposit of the Index Maturity specified above as published in H.15 Daily Update (as defined below), or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "CDs (secondary market)". If the rate referred to in the preceding sentence is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the CD Rate shall be the rate on the applicable CD Interest Determination Date calculated by the Calculation Agent on the Notes as the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on the applicable CD Interest Determination Date, of three leading non-bank dealers in negotiable United States dollar certificates of deposit in the City of New York (which may include an agent or its affiliates) selected by the Company for negotiable United States dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified above in an amount that is representative for a single transaction in that market at that time. If the dealers selected by the

Company as provided in the preceding sentence are not quoting as mentioned in such sentence, the CD Rate shall be the CD Rate in effect on the applicable CD Interest Determination Date.

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"H.15(519)" means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

**Determination of CMT Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the CMT Rate, unless otherwise specified above, the "CMT Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "CMT Interest Determination Date") and shall be, if "CMT Reuters Page FRBCMT" is specified above, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as the yield is displayed on Reuters, Inc. (or any successor or similar service), on page FRBCMT (or any other page as may replace the specified page on that service under the caption "Treasury Constant Maturities") ("Reuters Page FRBCMT"). If the rate referred to in the preceding sentence does not appear on Reuters Page FRBCMT, the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, and for the applicable CMT Interest Determination Date as published in H.15(519) under the caption "Treasury Constant Maturities". In the event the rate referred to in the preceding sentence does not appear in H.15(519), then the CMT Rate for such CMT Interest Determination Date will be the rate on the applicable CMT Interest Determination Date for the period of the Index Maturity specified above, as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). In the event the rate referred to in the preceding sentence is not published, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three leading primary United States government securities dealers in the City of New York, which may include an agent of the Company or such agent's affiliates (each a "Reference Dealer"), selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation (or, in the event of equality, one of the highest), and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity equal to the Index Maturity specified above, a remaining term to maturity no more than one year shorter than the Index Maturity specified above and in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two of the prices referred to in the above sentence are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations shall be eliminated; *provided, however*, that if fewer than three prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity

based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company from five Reference Dealers selected by the Company and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity

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greater than the Index Maturity specified above, and a remaining term to maturity closest to the Index Maturity specified above, and in a principal amount that is representative for a single transaction in the securities in the market at that time. However, if fewer than five but more than two prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations will be eliminated. If fewer than three prices referred to above are provided as requested, the CMT Rate on the applicable CMT Interest Determination Date will be the CMT Rate in effect on the applicable CMT Interest Determination Date. If the CMT Reuters Page FEDCMT is specified above, the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the one-week or one-month, as specified above, and will be the average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as the yield is displayed on Reuters, Inc. (or any successor service) on page FEDCMT (or any other page as may replace that specified page on that service) ("Reuters Page FEDCMT"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the related CMT Interest Determination Date falls. If the rate referred to in the preceding sentence does not appear on Reuters Page FEDCMT, then the CMT Rate for such CMT Interest Determination Date will be a percentage equal to the one-week or one-month, as specified above, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, and for the week or month, as applicable, preceding the applicable CMT Interest Determination Date as published in H.15(519) opposite the caption "Treasury Constant Maturities". If the rate referred to in the preceding sentence does not appear in H.15(519), then the CMT Rate for such CMT Interest Determination Date will be the one-week or one-month, as specified above, average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified above, as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the related CMT Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish the rate referred to above, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation (or, in the event of equality, one of the highest), and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity equal to the Index Maturity specified above, and a remaining term to maturity no more than one year shorter than the Index Maturity specified above, and in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two of the prices referred to above are provided as requested, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations shall be

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eliminated. If fewer than three prices referred to above are provided as requested, the rate on the applicable CMT Interest Determination Date will be calculated by the Calculation Agent as a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on the applicable CMT Interest Determination Date of three Reference Dealers selected by the Company (from five Reference Dealers selected by the Company and eliminating the highest quotation or (in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)), for United States Treasury securities with an original maturity greater than the Index Maturity specified above, and a remaining term to maturity closest to the Index Maturity specified above and will be in a principal amount that is representative for a single transaction in the securities in the market at that time. If fewer than five but more than two prices referred to above are provided as requested, the rate will be calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained, and neither the highest nor the lowest of the quotations will be eliminated, or if fewer than three prices referred to above are provided as requested, the CMT Rate will be the CMT Rate in effect on the applicable CMT Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity as specified above have remaining terms to maturity equally close to the Index Maturity specified above, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

**Determination of Commercial Paper Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the Commercial Paper Rate, unless otherwise specified above, the "Commercial Paper Rate" for each Interest Reset Date will be determined by the Calculation Agent as of the second Business Day prior to such Interest Reset Date (a "Commercial Paper Interest Determination Date") and shall be the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity as indicated above, as such rate shall be published in H.15(519) under the caption "Commercial Paper-Nonfinancial". In the event that such rate is not published prior to 3:00 p.m., New York City time, on the applicable Calculation Date, then the Commercial Paper Rate shall be calculated by the Calculation Agent as the Money Market Yield of the Commercial Paper Rate on the applicable Commercial Paper Interest Determination Date for commercial paper having the Index Maturity specified above, published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Commercial Paper-Nonfinancial". If by 3:00 p.m., New York City time, on the applicable Calculation Date, such rate is not yet published as provided in the preceding sentence, then the Commercial Paper Rate on the applicable Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent as the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 a.m., New York City time, on the applicable Commercial Paper Interest Determination Date of three leading dealers of United States dollar commercial paper in the City of New York, which may include an agent of the Company or such agent's affiliates, selected by the Calculation Agent for commercial paper having the Index Maturity specified above, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; *provided, however*, that if the dealers selected as aforesaid by the Company are not quoting offered rates as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on the applicable Commercial Paper Interest Determination Date.

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"Money Market Yield" shall be a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" refers to the actual number of days in the interest period for which interest is being calculated.

**Determination of Federal Funds Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to the Federal Funds Rate, unless otherwise specified above, the "Federal Funds Rate" with respect to each Interest Reset Date will be determined by the Calculation Agent as of the first Business Day prior to such Interest Reset Date (a "Federal Funds Interest Determination Date") and shall be the rate on that date for United States dollar Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)", as displayed on Reuters, Inc. (or any successor service) on page FEDFUND01 (or any other page as may replace the applicable page on that service) (Reuters Page FEDEFUND01) or, if such rate does not appear on Reuters Page FEDFUND01, or is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the rate on the applicable Federal Funds Interest Determination Date for United States dollar Federal Funds will be the rate on such Federal Funds Interest Determination Date as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "Federal Funds (Effective)". If such rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date, the Federal Funds Rate will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar Federal Funds arranged by three leading brokers of United States dollar Federal Funds transactions in the City of New York, which may include an agent of the Company or such agent's affiliates, selected by the Company before 9:00 a.m., New York City time, on the applicable Federal Funds Interest Determination Date; *provided, however*, that if the brokers selected as aforesaid by the Company are not quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on the applicable Federal Funds Interest Determination Date.

**Determination of Prime Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to, the Prime Rate, unless otherwise specified above, the "Prime Rate" with respect to each Interest Reset Date will be determined by the Calculation Agent as of the first Business Day prior to such Interest Reset Date (a "Prime Interest Determination Date") and shall be the rate set forth on such date as published in H.15(519) under the caption "Bank Prime Loan", or if not so published prior to 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Prime Interest Determination Date, then the Prime Rate will be as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate under the caption "Bank Prime Loan", or if not so published prior to 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Prime Interest Determination Date, then the Prime Rate will be determined by the Calculation Agent as the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined below) as the particular bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on the applicable

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Prime Interest Determination Date. If fewer than four such rates are so published by 3:00 p.m., New York City time, on the applicable Calculation Date as shown on the Reuters Screen US PRIME 1 Page for the Prime Interest Determination Date, the Prime Rate will be determined by the Calculation Agent as the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on the applicable Prime Interest Determination Date by three major banks, which may include an agent of the Company or such agent's affiliates, in the City of New York selected by the Company. However, if the banks selected by the Company are not quoting as mentioned in the preceding sentence, the Prime Rate will be the Prime Rate in effect on the applicable Prime Interest Determination Date.

"Reuters Screen US PRIME 1 Page" means the display on the Reuter Money 3000 Service or any successor service on the "US PRIME 1 Page" or other page as may replace US PRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

**Determination of Treasury Rate.** If the Interest Rate Basis, as specified above, is, or is calculated by reference to the Treasury Rate, unless otherwise specified above, the "Treasury Rate" for each Interest Reset Date will be the rate from the auction held on the applicable Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity, as specified above, as published under the caption "INVESTMENT RATE" on the display on Reuters, Inc. or any successor or similar service on page USAUCTION 10 or any other page as may replace page USAUCTION 10 on that service ("Reuters Page USAUCTION 10") or page USAUCTION 11 on that service ("Reuters Page USAUCTION 11"), or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date (as defined below), the Bond Equivalent Yield of the rate for the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High", or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills announced by the United States Department of the Treasury, or, if the rate is not announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the rate on the applicable Treasury Rate Determination Date of Treasury Bills having the Index Maturity specified above, published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market", or, if the rate is not so published by 3:00 p.m., New York City time, on the applicable Calculation Date pertaining to such Treasury Rate Determination Date, the rate on the applicable Treasury Rate Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market". In the event that the results of the auction of Treasury Bills having the applicable Index Maturity specified above are not published or reported, as provided above, by 3:00 p.m., New York City time, on the applicable Calculation Date or if no such auction is held on such Treasury Rate Determination Date, then the Treasury Rate on the applicable Treasury Rate Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on

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the applicable Treasury Rate Determination Date, of three primary United States government securities dealers, which may include the agent or its affiliates, selected by the Company, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified above *provided, however*, that if the dealers selected as aforesaid by the Company are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on the applicable Treasury Rate Determination Date.

The "Treasury Rate Determination Date" for any Interest Reset Date will be the day of the week in which such Interest Reset Date falls on which Treasury Bills would normally be auctioned. Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Rate Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week.

"Bond Equivalent Yield" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal; "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

**Provisions Applicable To Both Fixed Rate Notes And Floating Rate Notes:**

The interest so payable on any Interest Payment Date will, subject to certain exceptions in the Indenture hereinafter referred to, be paid to the person in whose name this Note is registered at the close of business on the Regular Record Date (as defined below) immediately preceding such Interest Payment Date or, if the Interest Payment Date is the Maturity Date or the date of earlier redemption or repayment, to the person in whose name this Note is registered at the close of business on the Maturity Date or such earlier date of redemption or repayment; *provided, however*, that if the Original Issue Date is between a Regular Record Date and an Interest Payment Date or on an Interest Payment Date, interest for the period from and including the Original Issue Date to, but excluding, the Interest Payment Date relating to such Regular Record Date shall be paid on the next succeeding Interest Payment Date to the person in whose name this Note is registered on the close of business on the Regular Record Date preceding such Interest Payment Date. If this Note bears interest at a Fixed Rate, as specified above, unless otherwise specified above, the "Regular Record Date" with respect to any Interest Payment Date shall be the 31st day of May and the 30th day of November, whether or not a Business Day, immediately preceding the related Interest Payment Date. If this Note bears interest at a Floating Rate, as specified above, the "Regular Record Date" with respect to any Interest Payment Date shall be the fifteenth calendar day next preceding such Interest Payment Date, whether or not such date shall be a Business Day.

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Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date or any earlier redemption or repayment date will be made in immediately available funds upon presentation and surrender of this Note; *provided, however*, that if a Specified Currency is specified above and such payment is to be made in such Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date or such earlier redemption or repayment date, as the case may be, *provided that* such bank has appropriate facilities therefor and that this Note is presented and surrendered at the Place of Payment specified above in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date, other than the Maturity Date or any earlier redemption or repayment date, will be made at the Place of Payment specified above.

Whenever in this Note or in the Indenture there is a reference, in any context, to the payment of the principal of, or interest, if any, on, or in respect of, the Notes, such payment shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect of such payment pursuant to the provisions hereof or thereof and express mention of the payment of Additional Amounts (if applicable) in any provision hereof or thereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in United States dollars or, if a Specified Currency is indicated above, in such Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts of the country issuing such currency or, in the case of the Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty Establishing the European Community, as amended by the Treaty on European Union, such other currency which is then such legal tender in such country or in the adopting member states of the European Union, as the case may be). If a Specified Currency is specified above, except as otherwise provided below, any such amounts so payable by the Company will be converted by a New York clearing house bank designated by the Company (the "Exchange Rate Agent") into United States dollars for payment to the Holder of this Note.

If a Specified Currency is specified above, the Holder of this Note may elect to receive any amount payable hereunder in such Specified Currency. If the Holder of this Note shall not have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency, any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in the City of New York received by the Exchange Rate Agent at approximately 11:00 a.m., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by

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deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If a Specified Currency is specified above, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency by submitting a written request for such payment to the Trustee at the Place of Payment on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date (or any earlier redemption or repayment date), as the case may be. Such written request may be mailed or hand delivered or sent by facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date (or any earlier redemption or repayment date), as the case may be.

If a Specified Currency is specified above and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest in respect of this Note in such Specified Currency, but such Specified Currency is not available for such payment due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate on or before the date on which such payment is due. The "Market Exchange Rate" for the Specified Currency means the noon dollar buying rate in the City of New York for cable transfers of the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

In case an Event of Default (as defined in the Indenture) with respect to Notes of this series shall occur and be continuing, the principal amount (or, if the Note is an Original Issue Discount Note, such lesser portion of the principal amount as may be applicable) of the Notes of this series may be declared due and payable, and, with respect to certain Events of Default, shall automatically become due and payable, in each case in the manner and with the effect provided in the Indenture. If this Note is an Original Issue Discount Note, in the event of an acceleration of the Maturity Date hereof, the amount payable to the Holder of this Note upon such acceleration will be determined by this Note but will be an amount less than the amount payable at the Maturity Date of this Note.

The Indenture permits, with certain exceptions as therein provided, the modification of the rights and obligations of the Company and the Guarantor and the rights of the Holders of the

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Debt Securities (as defined in the Indenture) of each series to be affected by such modification under the Indenture at any time by the Company and the Guarantor with the consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities (as defined in the Indenture) of each series to be affected by such modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Outstanding Debt Securities of each series, on behalf of the Holders of all Debt Securities of such series, to waive compliance by the Company and the Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences.

This Note is issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof or other Authorized Denomination specified above.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note may be registered in the Debt Security Register (as defined in the Indenture) of this series upon surrender of this Note for registration of transfer at the Place of Payment specified above, duly endorsed by or accompanied by, a written instrument of transfer in form satisfactory to the Company and the Trustee, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon a new Note or Notes of this series of Authorized Denomination and for the same aggregate principal amount, with the Guarantee endorsed thereon, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration of transfer, exchange or redemption of the Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Trustee, and any agent of the Company or the Trustee may treat the person in whose name this Note is registered in the Debt Security Register as the owner of this Note for all purposes (other than for the determination of any Additional Amounts payable) and neither the Company nor the Trustee nor any such agent shall be affected by any notice to the contrary.

Prior to May 11, 2029 (the "Par Call Date"), the Company may redeem the Notes at its option in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

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On or after the Par Call Date, the Company may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

If any redemption date falls on a day that is not a Business Day, the related payment of the redemption price and interest will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon

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the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. The Trustee shall have no responsibility in calculating the redemption price.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the Depository's procedures) at least 10 days but not more than 60 days before the redemption date to the Holder hereof in accordance with Section 15.03 of the Indenture, except that redemption notices may be provided more than 60 days prior to the redemption date if the notice is issued in connection with the defeasance or discharge of the Notes and/or the Indenture. Notwithstanding anything to the contrary in the foregoing, notice of any redemption to the Holder hereof may, in the Company's discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, the related notice of redemption will describe each such condition and, if applicable, will state that, in the Company's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

In the case of a partial redemption, selection of the Notes for redemption will be made pro rata, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. No Notes of a principal amount of \$2,000 or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption that relates to the Note will state the portion of the principal amount of the Note to be redeemed. A new Note in a principal amount equal to the unredeemed portion of the Note will be issued in the name of the Holder upon surrender for cancellation of the original Note. For so long as the Notes are held by the Depository, the redemption of the Notes shall be done in accordance with the policies and procedures of the Depository.

Unless the Company defaults in the payment of the redemption price on and after the redemption date, interest will cease to accrue on the principal amount of this Note called for redemption.

This Note will not be subject to, or have the benefit of, any sinking fund.

Subject to Article Thirteen of the Indenture, if an HDI Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its option to redeem this Note as described above, the Company will be required to make an offer (the "Change of Control Offer") to each Holder of the Notes to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of such Holder's Notes on the terms set forth herein. In the Change of Control Offer, the Company will be required to offer payment in cash equal to 101%

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of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but excluding, the date of repurchase (the "Change of Control Payment").

Subject to Article Thirteen of the Indenture, within 30 days following any HDI Change of Control Triggering Event or, at the Company's option, prior to any HDI Change of Control (as defined below), but after public announcement by HDI (as defined below) of the transaction that constitutes, or would constitute upon consummation thereof, an HDI Change of Control, a notice will be delivered to Holders of the Notes describing the transaction that constitutes, or would constitute upon consummation thereof, the HDI Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice. Such date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, other than as may be required by law (the "Change of Control Payment Date"). The notice will, if delivered prior to the date of consummation of the HDI Change of Control, state that the offer to purchase is conditioned on the HDI Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

If any Change of Control Payment Date falls on a day that is not a Business Day, the related payment of the Change of Control Payment will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day.

On the Change of Control Payment Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions of Notes properly tendered and not validly withdrawn pursuant to the Change of Control Offer; (ii) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all such Notes or portions of Notes properly tendered and not validly withdrawn; and (iii) deliver or cause to be delivered to the Trustee such Notes properly accepted together with a Company Officers' Certificate (as defined in the Indenture) stating the aggregate principal amount of such Notes or portions of Notes being repurchased.

The Company will not be required to comply with the obligations relating to repurchasing the Notes if a third-party instead satisfies them.

The Company must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations applicable to the repurchase of the Notes. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, the Company will comply with those securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Notes by virtue of any such compliance.

If Holders of not less than 95% in aggregate principal amount of the outstanding Notes properly tender and do not validly withdraw such amount of the Notes in a Change of Control Offer, and the Company, or any third-party making an offer to purchase the Notes in connection with an HDI Change of Control Triggering Event in lieu of the Company, purchase such amount of the Notes properly tendered and not validly withdrawn by such Holders, then the Company

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will have the right, upon notice described above, given not more than 30 days following the Change of Control Payment Date, to redeem all (but not less than all) of the Notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of Holders of record as of the close of business on the relevant Regular Record Date to receive interest on the applicable Interest Payment Date). If the redemption date falls on a day that is not a Business Day, the related payment of the redemption price and interest will be made on the next Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next Business Day.

For purposes of the Change of Control Offer provisions of the Notes, the following terms will be applicable:

"Below Investment Grade Rating Event" means the Notes cease to be rated an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period after the earlier of (1) the occurrence of an HDI Change of Control and (2) the first public announcement by Harley-Davidson, Inc. ("HDI") of the intention of HDI to effect an HDI Change of Control (which 60-day period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible downgrade of the rating of the notes of such series); *provided that* a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular HDI Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of HDI Change of Control Triggering Event hereunder) if any of the Rating Agencies making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Company in writing at the Company's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable HDI Change of Control (whether or not the applicable HDI Change of Control shall have occurred at the time of the Below Investment Grade Rating Event). The Trustee has no obligation to monitor the ratings of the Notes for purposes of determining the occurrence of a Below Investment Grade Rating Event.

"Fitch" means Fitch Ratings, Inc. and its successors.

"HDI Change of Control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than HDI or one of its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of HDI or other Voting Stock into which the Voting Stock of HDI is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; or (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation or as a pledge for security purposes only), in one or a series of related transactions, of all or substantially all of the assets of HDI and the assets of the subsidiaries of HDI, taken as a whole, to one or more "persons" (as that term is defined in the Indenture), other than HDI or one of its subsidiaries and other than any such transaction or series of related

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transactions where holders of Voting Stock of HDI outstanding immediately prior thereto hold voting stock of the transferee person representing a majority of the voting power of the transferee person's voting stock immediately after giving effect thereto. Notwithstanding the foregoing, a transaction will not be deemed to be an HDI Change of Control if (1) HDI becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Voting Stock of HDI immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"HDI Change of Control Triggering Event" means the occurrence of both an HDI Change of Control and a Below Investment Grade Rating Event. Notwithstanding anything to the contrary, no HDI Change of Control Triggering Event will be deemed to have occurred in connection with any particular HDI Change of Control unless and until such HDI Change of Control has actually been consummated.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or its equivalent under any successor rating category of Moody's), BBB- by S&P (or its equivalent under any successor rating category of S&P) and BBB- by Fitch (or its equivalent under any successor rating category of Fitch), and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by the Company.

"Moody's" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"Rating Agencies" means (1) each of Moody's, S&P and Fitch, and (2) if any of Moody's, S&P or Fitch (or in each case any replacement thereof appointed pursuant to this definition) ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Company's control, a "nationally recognized statistical rating organization" as defined under Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency for Moody's, S&P and/or Fitch, as the case may be; *provided that* the Company shall give notice of any such replacement to the Trustee.

"S&P" means S&P Global Ratings, a division of S&P Global Inc. and its successors. "Voting Stock" means, with respect to any specified "person" (as that term is used in

Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

In lieu of Section 5.05 of the Indenture, the following covenant shall apply:

Limitation on Liens. The Company and the Guarantor will not, nor will they permit any Subsidiary (as defined in the Indenture) of the Company or the Guarantor to, issue or assume any Indebtedness (as defined in the Indenture) secured by a Lien (as defined in the Indenture) upon any Property (as defined in the Indenture) (now owned or hereinafter acquired) of the Company

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or the Guarantor or any such Subsidiary without in any such case effectively providing concurrently with the issuance or assumption of any such Indebtedness that the Notes (together with, if the Company or the Guarantor shall so determine, any other Indebtedness of the Company or the Guarantor or any such Subsidiary ranking equally with the Notes then existing or thereafter created) shall be secured equally and ratably with such Indebtedness. The restrictions set forth in the immediately preceding sentence will not, however, apply if the aggregate amount of Indebtedness issued or assumed by the Company, the Guarantor or such Subsidiaries and so secured by Liens, together with all other Indebtedness of the Company, the Guarantor or such Subsidiaries which (if originally issued or assumed at such time) would otherwise be subject to such restrictions, but not including Indebtedness permitted to be secured under clauses (i) through (xv) of the immediately following paragraph, does not at the time such secured Indebtedness is incurred exceed 15% of the applicable Consolidated Net Tangible Assets (as defined in the Indenture).

The restrictions set forth above shall not apply to Indebtedness secured by:

- (1) Liens existing on the date of the original issuance of the Notes;
  - (2) Liens on any Property of any company existing at the time such company becomes a Subsidiary of the Company or the Guarantor, which Liens are not created in contemplation of such company becoming a Subsidiary of the Company or the Guarantor;
  - (3) Liens on any Property existing at the time such Property is acquired by the Company, the Guarantor or a Subsidiary of the Company or the Guarantor, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of such Property by the Company, the Guarantor or a Subsidiary of the Company or the Guarantor or to secure any Indebtedness incurred prior to, at the time of, or within 180 days after, the later of the date of acquisition of such Property and the date such Property is placed in service, for the purpose of financing all or any part of the purchase price thereof, or Liens to secure any Indebtedness incurred for the purpose of financing the cost to the Company, the Guarantor or a Subsidiary of the Company or the Guarantor of improvements to such acquired Property or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price of the cost of construction of the Property subject to such Liens;
  - (4) Liens securing any Indebtedness of the Company, a Subsidiary of the Company or the Guarantor owing to the Company, the Guarantor or to another Subsidiary of the Company or the Guarantor;
  - (5) Liens created in connection with a securitization or other asset-based financing;
  - (6) Liens with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or which are being contested in good faith;
  - (7) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith;
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(8) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), surety, appeal and performance bonds;

(9) Liens arising with respect to zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges or encumbrances on the use of real property which do not interfere with the ordinary conduct of the business of the Company, the Guarantor or any of their respective Subsidiaries;

(10) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against the Company, the Guarantor or any of their respective Subsidiaries;

(11) Liens arising from leases, subleases or licenses granted to others which do not interfere in any material respect with the business of the Company, the Guarantor or any of their respective Subsidiaries;

(12) any interest or title of the lessor in the Property subject to any operating lease (as determined in accordance with GAAP as in effect as of December 1, 2018), entered into by the Company, the Guarantor or any of their respective Subsidiaries in the ordinary course of business;

(13) Liens, if any, in connection with any sale/leaseback transaction;

(14) Liens on assets pledged in respect of Indebtedness that has been redeemed, defeased and/or discharged in accordance with the provisions thereof through the deposit of cash, cash equivalents or marketable securities (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness); and

(15) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing clauses (i) - (xiv); provided, however, that such new Lien is limited to the Property (or type of Property) which was subject to the prior Lien immediately before such extension, renewal or replacement, and provided, further, that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or replacement is not increased.

In lieu of Section 7.01(f) and Section 7.01(i) of the Indenture, each of the following, respectively, shall constitute an Event of Default with respect to the Notes:

(6) any event of default by the Company, the Guarantor or any of their respective Subsidiaries as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of the Company, the Guarantor or any of their respective Subsidiaries, as the case may be, whether such Indebtedness now exists or shall hereafter be created, resulting in such Indebtedness in a principal amount of at least \$150,000,000 becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not be rescinded or annulled within a period of 30 days after there has been given, by overnight courier, registered or

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certified mail, to the Company and the Guarantor by the Trustee or to the Company, the Guarantor and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; and

(a) final judgment of money in excess of \$150,000,000 (not covered by third-party insurance), singularly or in the aggregate, shall be rendered against the Company or the Guarantor or any of their respective Material Subsidiaries (as defined in the Indenture) and shall remain undischarged and unstayed for a period (during which execution shall not be effectively stayed) of 60 days after such judgment becomes final.

The Company may "reopen" a previously issued tranche of Notes and issue additional Notes of such tranche or establish additional terms of such tranche or issue notes with the same terms as previously issued Notes (except for the Original Issue Date, Issue Price and, if applicable, the initial Interest Payment Date).

The Company may at any time purchase this Note at any price in the open market or otherwise. Notes so purchased by the Company may be held or resold or, at the discretion of the Company, may be surrendered to the Trustee for cancellation.

For the avoidance of doubt, Article Thirteen of the Indenture shall apply to the Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligations of the Company and the Guarantor, which are absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note, at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

By acceptance of this Note, the Holder hereof agrees to be bound by the provisions of the Indenture. Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture. Facsimile signatures for the purposes of the Indenture are intended to include electronic signatures (including DocuSign). This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by or on behalf of the Trustee under the Indenture.

None of the Trustee, the paying agent or the Calculation Agent shall be under any obligation (i) to monitor, determine or verify the unavailability or cessation of any benchmark or floating rate note index, or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any benchmark transition event or related benchmark replacement date, (ii) to select, determine or designate any benchmark replacement, or other successor or replacement benchmark index or basis, or whether any conditions to the designation of such a rate or index have been satisfied, or (iii) to select, determine or designate any benchmark replacement adjustment, or other modifier to any replacement or successor index, or (iv) to determine whether or what benchmark replacement conforming changes are necessary or advisable, if any, in connection with any of the foregoing, including, but not limited to, adjustments as to any alternative spread thereon, the business day convention, interest

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determination dates or any other relevant methodology applicable to such substitute or successor benchmark. In connection with the foregoing, each of the Trustee, paying agent and Calculation Agent shall be entitled to conclusively rely on any determinations made by the Company or its designee without independent investigation, and none will have any liability for actions taken at the Company's direction in connection therewith.

None of the Trustee, the paying agent or the Calculation Agent shall be liable for any inability, failure or delay on its part to perform any of its duties set forth herein as a result of the unavailability of any benchmark or index or other applicable benchmark replacement, including as a result of any failure, inability, delay, error or inaccuracy on the part of any other transaction party in providing any direction, instruction, notice or information required or contemplated by the terms hereof and reasonably required for the performance of such duties. None of the Trustee, the paying agent or the Calculation Agent shall be responsible or liable for the Company's actions or omissions or for those of the Company's designee, or for any failure or delay in the performance by the Company or its designee, nor shall any of the Trustee, paying agent or Calculation Agent be under any obligation to oversee or monitor the Company's performance or that of its designee.

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**IN WITNESS WHEREOF**, the Company has caused this instrument to be duly executed, manually or by facsimile by an authorized signatory.

**HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**

By: \_\_ Name: David Viney  
Title: Vice President and Treasurer

By: \_\_ Name: Susan Paskvan  
Title: Vice President and Chief Financial Officer

Dated: June 11, 2024

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Debt Securities of the series designated herein and referred to in the within-mentioned Indenture.

**CITIBANK, N.A.,**  
as Trustee

By: \_\_\_\_ Authorized Signatory

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## GUARANTEE

For value received, undersigned hereby fully, irrevocably and unconditionally guarantees, pursuant to the terms of the Guarantee contained in Article Sixteen of the Indenture, to the Holder of this Note and to the Trustee, on behalf of the Holder, the due and punctual payment of the principal of, and any premium, interest and any Additional Amounts on, this Note, when and as the same shall become due and payable, whether at the stated maturity, by declaration of acceleration, call for redemption or otherwise, in accordance with the terms of this Note and the Indenture. This Guarantee will not be valid or obligatory for any purpose until the Trustee duly executes the certificate of authentication on the Note upon which this Guarantee is endorsed.

Dated: June 11, 2024

HARLEY-DAVIDSON CREDIT CORP.,  
a Nevada corporation

By:\_\_\_ Name: David Viney  
Title: Vice President, Treasurer and Assistant Secretary

Attest:

By:\_\_\_\_ Name: Susan Paskvan  
Title: Vice President and Chief Financial Officer

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ABBREVIATIONS

The following abbreviations, when used in the inscription on this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common UNIF GIFT MIN ACT - \_\_Custodian\_\_  
(Cust) (Minor)
- TEN ENT - as tenants by the entireties under Uniform Gifts to Minors Act
- JT TEN - as joint tenants with right of  
survivorship and not as tenant in common

(State)

Additional abbreviations may also be used though not in the above list.

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ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto: (Please insert social security or other identifying number of assignee)

(Name and address of assignee, including zip code, must be printed or typewritten)

the within Note, and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_ attorney to transfer said Note on the books of the within Company, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the within Note in every particular, without alteration or enlargement or any change whatever and must be guaranteed.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM) PURSUANT TO SEC RULE 17Ad-15.

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SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made

<u>Date of Exchange</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following each decrease or increase</u>	<u>Signature of author signatory of Trustee</u>
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**Exhibit B**

**to**

**Officers' Certificate Pursuant to Sections 2.02 and 3.01 of the Indenture**

Offering Memorandum

[See Attached]

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\$500,000,000

Harley-Davidson Financial Services, Inc.  
5.950% Medium-Term Notes due 2029  
Payment of Principal, Premium, if any, and Interest  
Fully and Unconditionally Guaranteed by Harley-Davidson Credit Corp.

[Certain identified information has been excluded from this document because it is both not material and is the type that the registrant treats as private or confidential.]

[Information omitted]

The date of this pricing supplement is June 6, 2024.

[Information omitted]

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## DESCRIPTION OF NOTES

*In this section, "we", "us", and "our" refer only to Harley-Davidson Financial Services, Inc. and not any of its subsidiaries. Unless the context requires otherwise, "Harley-Davidson" refers to Harley-Davidson, Inc., our parent company, "HDI" refers to Harley-Davidson and its subsidiaries as a whole, and the "Guarantor" refers to Harley-Davidson Credit Corp., our primary operating subsidiary.*

### General

We are offering \$500,000,000 aggregate principal amount of our 5.950% Medium-Term Notes due 2029 (the "notes"). The notes will be our unsecured senior obligations, ranking equal in right of payment to all of our unsecured and unsubordinated debt from time to time outstanding. The notes will be effectively subordinated to all of our existing and future secured debt to the extent of the value of our assets securing such debt. As of March 31, 2024, we had approximately \$4.23 billion of unsecured and unsubordinated debt outstanding and, except for secured notes that we issued through variable interest entities ("VIEs"), no secured debt.

### Principal and Maturity

The notes will be limited initially in aggregate principal amount to \$500,000,000. We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes offered in this pricing supplement and otherwise similar in all respects (except the issue date, issue price and, if applicable, the initial interest payment date and the date from which interest shall begin to accrue); provided, however, that any additional notes that form a single series of notes with the notes offered hereby must be fungible with such previously issued and outstanding notes for U.S. federal income tax purposes. We may also issue additional notes that may have different terms than the notes offered in this pricing supplement.

We will issue the notes in fully registered form without coupons, in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will mature on June 11, 2029.

### Interest

Interest on the notes will accrue at the rate of 5.950% per annum. Interest on the notes will be payable semi-annually in arrears on June 11 and December 11 of each year, beginning on December 11, 2024. We will make each interest payment to the holders of record of the notes on the May 31 and November 30 immediately preceding the related interest payment date.

Interest on the notes will accrue from June 11, 2024. Interest will be computed by us on the basis of a 360-day year consisting of twelve 30-day months. In any case where an interest payment date is not a business day, the interest payment date will be postponed to the next succeeding business day and no interest on such payment will accrue for the period from and after such interest payment date.

### Payments on the Notes

All principal of, premium, if any, and interest on the notes will be payable at our office or agency in the Borough of Manhattan, the City of New York maintained for this purpose. Initially, payments will be made at the corporate trust office of the trustee. Payments of principal and interest on the notes will be made in funds which are available the same day. The notes will trade in the same day funds settlement system of The Depository Trust Company ("DTC") until maturity, and secondary market trading activity for the notes will therefore settle in same day funds.

### Transfer and Exchange

You may transfer or exchange the notes in accordance with the indenture. The transfer or exchange may be made at our office or agency in the Borough of Manhattan, the City of New York maintained for this purpose, which will initially be the corporate trust office of the trustee. No service charge will be made for any registration of transfer, exchange or redemption of notes, except in certain circumstances for any tax or other governmental charge that may be imposed.

The registered holder of a note will be treated as the owner of that note for all purposes.

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#### Optional Redemption

Prior to May 11, 2029 (one month prior to their maturity date) (the "Par Call Date"), we may redeem the notes at our option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the Par Call Date, we may redeem the notes, in whole or in part, at any time and from time to time at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

If any redemption date falls on a day that is not a business day, the related payment of the redemption price and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

"Treasury Rate" means, with respect to any redemption date, the yield determined by us in accordance with the following two paragraphs.

The Treasury Rate shall be determined by us after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities— Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, we shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life— and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, we shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, we shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, we shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

Our actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error. The trustee shall have no responsibility in calculating the redemption price.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depository's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of notes to be redeemed, except that redemption notices may be provided more than 60 days prior to the redemption date if the notice is issued in connection with the defeasance or discharge of the notes and/or the indenture. Notwithstanding anything to the contrary in the foregoing, notice of any redemption to the holders of the notes may, in our discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, the related notice of redemption will describe each such condition and, if applicable, will state that, in our discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

In the case of a partial redemption, selection of the notes for redemption will be made pro rata, by lot or pursuant to applicable depository procedures. No notes of a principal amount of \$2,000 or less will be redeemed in part. If any note is to be redeemed in part only, the notice of redemption that relates to the note will state the portion of the principal amount of the note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. For so long as the notes are held by DTC (or another depository), the redemption of the notes shall be done in accordance with the policies and procedures of DTC (or such other depository). Holders holding an interest in the notes through a participant in DTC (such as Euroclear or Clearstream, Luxembourg) should also have regard to the policies and procedures of such participant (such as Euroclear or Clearstream, Luxembourg).

Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Except as set forth above, the notes will not be redeemable by us prior to maturity and will not be subject to, or have the benefit of, a sinking fund.

In addition to the foregoing, we may at any time and from time to time purchase notes in the open market or otherwise, subject to compliance with all applicable securities laws.

#### **Offer to Purchase Upon HDI Change of Control Triggering Event**

If an HDI Change of Control Triggering Event occurs, unless we have previously or concurrently delivered a redemption notice with respect to all of the outstanding notes as described above under "—Optional Redemption", we will be required to make an offer (the "Change of Control Offer") to each holder of the notes to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of such holder's notes on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but excluding, the date of repurchase (the "Change of Control Payment").

Within 30 days following any HDI Change of Control Triggering Event or, at our option, prior to any HDI Change of Control, but after public announcement by HDI of the transaction that constitutes, or would constitute upon consummation thereof, an HDI Change of Control, a notice will be delivered to holders of the notes describing the transaction that constitutes, or would constitute upon consummation thereof, the HDI Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice. Such date will be no earlier than 10 days and no later than 60 days from the date such notice is delivered, other than as may be required by law (the "Change of Control Payment Date"). The notice will, if delivered prior to the date of consummation of the HDI Change of Control, state that the offer to purchase is conditioned on the HDI Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

If any Change of Control Payment Date falls on a day that is not a business day, the related payment of the Change of Control Payment will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

On the Change of Control Payment Date, we will, to the extent lawful, (i) accept for payment all notes or portions of notes properly tendered and not validly withdrawn pursuant to the Change of Control Offer, (ii) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered and not validly withdrawn and (iii) deliver or cause to be delivered to the trustee the notes properly accepted, together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to comply with the obligations relating to repurchasing the notes if a third-party instead satisfies them.

We must comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any other securities laws and regulations applicable to the repurchase of the notes. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such compliance.

If holders of not less than 95% in aggregate principal amount of the outstanding notes properly tender and do not validly withdraw such notes in a Change of Control Offer, and we, or any third-party making an offer to purchase the notes in connection with an HDI Change of Control Triggering Event in lieu of us, purchase all of the notes properly tendered and not validly withdrawn by such holders, then we will have the right, upon notice given not more than 30 days following the Change of Control Payment Date, to redeem all (but not less than all) of the notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record as of the close of business on the relevant record date to receive interest on the applicable interest payment date). If the redemption date falls on a day that is not a business day, the related payment of the redemption price and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day. If a Change of Control Offer is made, there can be no assurance that we or the Guarantor will have available funds sufficient to make the Change of Control Payment for all of the notes that may be tendered for repurchase.

For purposes of the Change of Control Offer provisions of the notes, the following terms will be applicable:

"Below Investment Grade Rating Event" means the notes cease to be rated an Investment Grade Rating by each of the Rating Agencies on any day within the 60-day period after the earlier of (1) the occurrence of an HDI Change of Control and (2) the first public announcement by HDI of the intention of HDI to effect an HDI Change of Control (which 60-day period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible downgrade of the rating of the notes); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular HDI Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of HDI Change of Control Triggering Event) if any of the Rating Agencies making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform us in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable HDI Change of Control (whether or not the applicable HDI Change of Control shall have occurred at the time of the Below Investment Grade Rating Event). The trustee has no obligation to monitor the ratings of the notes for purposes of determining the occurrence of a Below Investment Grade Rating Event.

"Fitch" means Fitch Ratings Inc. and its successors. "HDI Change of Control" means the occurrence of any of the following: (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than Harley-Davidson or one of its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the Voting Stock of Harley-Davidson or other Voting Stock into which the Voting Stock of Harley-Davidson is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; or (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation or as a pledge for security purposes only), in one or a series of related transactions, of all or substantially all of the assets of Harley-Davidson and the assets of the subsidiaries of Harley-Davidson, taken as a whole, to one or more "persons" (as that term is defined in the indenture), other than Harley-Davidson or one of its subsidiaries and other than any such transaction or series of related transactions where holders of Voting Stock of Harley-Davidson outstanding immediately prior thereto hold voting stock of the transferee person representing a majority of the voting power of the transferee person's voting stock immediately after giving effect thereto.

Notwithstanding the foregoing, a transaction will not be deemed to be an HDI Change of Control if (1) Harley-Davidson becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Voting Stock of Harley-Davidson immediately prior to that transaction or (B) immediately following that transaction no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"HDI Change of Control Triggering Event" means the occurrence of both an HDI Change of Control and a Below Investment Grade Rating Event. Notwithstanding anything to the contrary, no HDI Change of Control Triggering Event will be deemed to have occurred in connection with any particular HDI Change of Control unless and until such HDI Change of Control has actually been consummated.

"Investment Grade Rating" means a rating equal to or higher than Baa3 by Moody's (or its equivalent under any successor rating category of Moody's), BBB- by S&P (or its equivalent under any successor rating category of S&P) and BBB- by Fitch (or its equivalent under any successor rating category of Fitch), and the equivalent investment grade credit rating from any replacement Rating Agency or Rating Agencies selected by us.

"Moody's" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"Rating Agencies" means (1) each of Moody's, S&P and Fitch and (2) if any of Moody's, S&P or Fitch (or in each case any replacement thereof appointed pursuant to this definition) ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" as defined under Section 3(a)(62) of the Exchange Act selected by us as a replacement agency for Moody's, S&P and/or Fitch, as the case may be; provided that we shall give notice of any such replacement to the trustee.

"S&P" means S&P Global Ratings, a division of S&P Global Inc. and its successors.

"Voting Stock" means, with respect to any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act), as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of HDI Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of "all or substantially all" of the assets of Harley-Davidson and the assets of its subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of such phrase under applicable law. Accordingly, the ability of a holder of the notes to require us to repurchase that holder's notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of Harley-Davidson and the assets of its subsidiaries, taken as a whole, to one or more persons may be uncertain. Further, the terms of the notes may permit Harley-Davidson and us to engage in certain significant corporate events that would not constitute an "HDI Change of Control" that would require us to make an offer to repurchase the notes. Although a change in the composition of the Board of Directors of Harley-Davidson may be a consequence of events constituting an "HDI Change of Control" under the terms of the notes, changes in the composition of the Board of Directors of Harley-Davidson independent of any other triggering event will not alone constitute an "HDI Change of Control" under the terms of the notes.

Our obligation to purchase the notes following an HDI Change of Control Triggering Event is subject to the provisions described under the "Description of Notes—Defeasance or Covenant Defeasance" in the accompanying offering memorandum.

#### **Covenants**

The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of the Guarantor to incur certain liens and to merge or consolidate. We have summarized certain of the terms and conditions of the notes below. This summary supplements the description of the general terms and conditions of the notes under the caption "Description of Notes—Certain Covenants" in the accompanying offering memorandum and, to the extent this summary is inconsistent with such description, replaces and supersedes such description. This summary of certain provisions applicable to the notes does not purport to be complete and is subject to all of the provisions of the indenture and the notes. You should read the indenture and the notes, copies of which are available from us upon request.



## Limitation on Liens

As long as any of the notes are outstanding, neither we nor the Guarantor will, nor will we or it permit any of our or its respective Subsidiaries to, issue or assume any Indebtedness secured by a Lien upon any of our or its respective Property or the Property of our or its respective Subsidiaries without in any such case effectively providing concurrently with the issuance or assumption of any such Indebtedness that the notes (together with, if we or it, as applicable, shall so determine, any other of our or its Indebtedness or the Indebtedness of our or its respective Subsidiaries ranking equally with the notes then existing or thereafter created) shall be secured equally and ratably with such Indebtedness. The restrictions set forth in the immediately preceding sentence will not, however, apply if the aggregate amount of Indebtedness issued or assumed by us or the Guarantor and our or its respective Subsidiaries and so secured by Liens, together with all other Indebtedness of us or the Guarantor and our or its respective Subsidiaries which (if originally issued or assumed at such time) would otherwise be subject to such restrictions, but not including Indebtedness permitted to be secured under clauses (1) through (15) of the immediately following paragraph, does not at the time such secured Indebtedness is incurred exceed 15% of the applicable Consolidated Net Tangible Assets.

The restrictions set forth above shall not apply to Indebtedness secured by:

- (1) Liens existing on the date of the original issuance of the notes;
- (2) Liens on any Property of any company existing at the time such company becomes a Subsidiary of us or the Guarantor, which Liens are not created in contemplation of such company becoming a Subsidiary of us or the Guarantor;
- (3) Liens on any Property existing at the time such Property is acquired by us or the Guarantor or by a Subsidiary of us or the Guarantor, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of such Property by us or the Guarantor or a Subsidiary of us or the Guarantor or to secure any Indebtedness incurred prior to, at the time of, or within 180 days after, the later of the date of acquisition of such Property and the date such Property is placed in service, for the purpose of financing all or any part of the purchase price thereof, or Liens to secure any Indebtedness incurred for the purpose of financing the cost to us or the Guarantor or to a Subsidiary of us or the Guarantor of improvements to such acquired Property or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price of the cost of construction of the Property subject to such Liens;
- (4) Liens securing any Indebtedness of us or a Subsidiary of us or the Guarantor owing to us or the Guarantor or to another Subsidiary of us or the Guarantor;
- (5) Liens created in connection with a securitization or other asset-based financing;
- (6) Liens with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or which are being contested in good faith;
- (7) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith;
- (8) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), surety, appeal and performance bonds;
- (9) Liens arising with respect to zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges or encumbrances on the use of real property which do not interfere with the ordinary conduct of the business of us or the Guarantor or any Subsidiary of us or the Guarantor;
- (10) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against us, the Guarantor or any of our or its respective Subsidiaries;
- (11) Liens arising from leases, subleases or licenses granted to others which do not interfere in any material respect with the business of us or the Guarantor or any Subsidiary of us or the Guarantor;

(12) any interest or title of the lessor in the Property subject to any operating lease (as determined in accordance with GAAP as in effect as of December 1, 2018), entered into by us, the Guarantor or any of our or its respective Subsidiaries in the ordinary course of business;

(13) Liens, if any, in connection with any sale/leaseback transaction;

(14) Liens on assets pledged in respect of Indebtedness that has been redeemed, defeased and/or discharged in accordance with the provisions thereof through the deposit of cash, cash equivalents or marketable securities (it being understood that cash collateral shall be deemed to include cash deposited with a trustee with respect to third party indebtedness); and

(15) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing clauses (1)—(14); provided, however, that such new Lien is limited to the Property (or type of Property) which was subject to the prior Lien immediately before such extension, renewal or replacement, and provided, further, that the principal amount of Indebtedness secured by the prior Lien immediately before such extension, renewal or replacement is not increased.

#### Events of Default

The following constitute Events of Default with respect to the notes under the indenture:

(1) neither we nor the Guarantor pays any interest upon or any additional amounts payable in respect of any interest on any of the notes when such interest or additional amounts become due and payable, and continuance of such default for a period of 30 days; or

(2) neither we nor the Guarantor pays all or any part of the principal of and premium, if any, on, any of the notes as and when the same shall become due and payable either at maturity, upon any redemption, by declaration of acceleration or otherwise; or

(3) neither we nor the Guarantor pays or satisfies any sinking fund payment, if any, with respect to the notes as and when the same shall become due and payable by the terms of the notes, and continuance of such default for a period of 30 days; or

(4) we or the Guarantor fails to perform or observe any covenant or agreement in the indenture or the notes (while such covenant or agreement is effective) and such failure shall continue uncured for more than thirty (30) days after there has been given to us and the Guarantor by the trustee or to us, the Guarantor and the trustee by holders of at least 25% in outstanding principal amount of the notes a written notice specifying such failure and requiring it to be remedied; or

(5) the support agreement shall have been terminated or revoked or Harley-Davidson refuses to perform or otherwise breaches any of its obligations contained in the support agreement, or the support agreement or any provision thereof otherwise becomes unenforceable for any reason unless, prior to such termination, revocation, refusal to perform, breach or unenforceability, each of Standard & Poor's, Moody's and any other nationally recognized statistical rating organization then rating the notes at our request confirms that the rating assigned to the notes by such rating agency immediately prior to such termination, revocation, refusal to perform, breach or unenforceability will not be downgraded as a result of such termination, revocation, refusal to perform, breach or unenforceability of the support agreement; or

(6) an event of default, as defined in any of our mortgages, indentures or instruments under which there may be issued, or by which there may be secured or evidenced, any of our or the Guarantor's Indebtedness or any of our or its respective Subsidiaries' Indebtedness that has resulted in the acceleration of such Indebtedness in a principal amount of at least \$150,000,000, and such acceleration has not been rescinded or annulled within a period of 30 days after there has been given to us and the Guarantor by the trustee or to us, the Guarantor and the trustee by holders of at least 25% in aggregate principal amount of the outstanding notes a written notice specifying such default and requiring it to be remedied; or

(7) certain events of bankruptcy, insolvency or reorganization involving us, the Guarantor or any of our or its respective Material Subsidiaries or, so long as the support agreement shall continue in full force and effect for the benefit of the notes, Harley-Davidson; or

(8) one or more final judgments for the payment of money shall be rendered against us or the Guarantor or any of our or its respective Material Subsidiaries in an aggregate amount in excess of \$150,000,000 (excluding the amount thereof covered by third-party insurance) and such judgment shall remain undischarged and unstayed for more than 60 days; or

(9) any other Event of Default provided in or pursuant to the indenture with respect to the notes.

If an Event of Default (other than an Event of Default based on an event of our bankruptcy, insolvency or reorganization) shall occur and be continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the notes outstanding may, by written notice to us and the Guarantor (and to the trustee if given by the holders), declare the principal of, premium, if any, and accrued and unpaid interest and additional amounts, if any, on all notes outstanding to be immediately due and payable. Upon such a declaration, such principal, premium, if any, and accrued and unpaid interest will be due and payable immediately, but upon certain conditions such declaration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal, premium or interest) may be waived by the holders of a majority in aggregate principal amount of notes then outstanding. If an Event of Default due to our bankruptcy, insolvency or reorganization occurs, all unpaid principal, premium, if any, and interest in respect of the notes will automatically become due and payable without any declaration or other act on the part of the trustee or any holder.

In addition, in the event an Event of Default with respect to the notes occurs and is continuing, the trustee may, and shall, upon receipt (1) of a written direction from holders of not less than 25% aggregate principal amount of the notes outstanding, which direction shall include a certification on which the trustee may conclusively rely that we have not pursued, or are not pursuing, our rights under the support agreement in a prompt or otherwise diligent manner, and (2) from such holders of indemnity satisfactory to the trustee against the cost, expenses and liabilities to be incurred in compliance with such direction, enforce, on behalf of the holders and on its own behalf, the obligations of Harley-Davidson to us under the support agreement (an "Enforcement Event"). If (a) the trustee for 60 days after receipt of such request and offer of indemnity has failed to institute such enforcement action, (b) no direction inconsistent with such request has been given to the trustee during such 60-day period by the holders of a majority in aggregate principal amount of the notes, and (c) a holder has given written notice of the occurrence of an Enforcement Event, then such holder of the outstanding notes shall have the right to enforce our rights under the support agreement.

#### **Notice and Declaration of Defaults.**

So long as the notes remain outstanding, we will be required to furnish annually to the trustee an officers' certificate as to such officers' knowledge of our and the Guarantor's compliance with all conditions and covenants under the indenture, as determined without regard to any period of grace or requirement of notice provided under the indenture. In addition, we will notify the trustee of any event of default or any event which, with notice or the lapse of time, would constitute an event of default, promptly after and in any case within five business days after one or more of our specified officers becomes aware of such event. We will also be required to furnish to the trustee copies of specified reports filed by us or the Guarantor with the Securities and Exchange Commission (the "SEC"). We or the Guarantor, as applicable, will be deemed to have delivered such filings on the date on which they are filed for public availability on the SEC's Electronic Data Gathering, Analysis and Retrieval System (or any successor system).

The indenture provides that the trustee will give to the holders of the notes notice of any default under the indenture as and to the extent provided by the Trust Indenture Act of 1939, as amended. The trustee or the holders of 25% in aggregate principal amount of the outstanding notes may declare the notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. In some cases, the holders of a majority in principal amount of the notes then outstanding may waive any past default and its consequences, except a default in the payment of principal, premium, if any, or interest on or additional amounts payable in respect of the notes, including sinking fund payments.

If a specified event of bankruptcy, insolvency, reorganization or other similar law occurs and is continuing, then the principal amount of the outstanding notes and any accrued and unpaid interest thereon and any additional amounts, if any, with respect thereto will immediately become due and payable without any declaration or other act on the part of the trustee or any holder.

#### **Actions upon Default.**

Subject to the provisions of the indenture relating to the duties of the trustee in case an event of default with respect to any issuance of notes occurs and is continuing, the indenture provides that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request, order or direction of any of the holders of the notes outstanding unless the

holders have offered to the trustee indemnity satisfactory to the trustee. The right of a holder to institute a proceeding with respect to the indenture is subject to conditions precedent including notice and indemnity to the trustee.

The holders of a majority in principal amount of the notes outstanding in default will have the right to direct the time, method and place for conducting any proceeding for any remedy available to the trustee, or exercising any power or trust conferred on the trustee. Any direction by the holders will be in accordance with law and the provisions of the indenture. The trustee may decline to follow any such direction if the trustee determines, on the advice of counsel, that the action or proceeding may not be lawfully taken or would be materially and unjustly prejudicial to the rights of holders not joining in the direction or if the trustee determines that the action or proceeding would involve the trustee in personal liability or if the trustee determines that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of holders of the notes of all series not joining in the giving of such direction, it being understood that the trustee will have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holders. The trustee will be under no obligation to act in accordance with the direction unless the holders offer the trustee security or indemnity satisfactory to the trustee against costs, expenses and liabilities which may be incurred thereby.

#### **Certain Definitions**

Set forth below are certain defined terms used in the indenture and the notes. Reference is made to the indenture and the notes for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Capital Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP as in effect as of December 1, 2018; and the amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation determined in accordance with GAAP as in effect as of December 1, 2018; and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"GAAP" means, with respect to any computation required or permitted under the indenture or under resolutions of our board of directors or an officers' certificate establishing a series of notes, any indenture supplemental thereto or any notes, such accounting principles as are generally accepted in the United States for domestic companies at the date of such computation as reasonably determined by us; provided, however, that, notwithstanding any other provision in the indenture or the notes to the contrary (except for the purpose of preparing financial statements in accordance with GAAP), the determination of whether a lease constitutes a finance lease, on the one hand, or an operating lease, on the other hand, shall be determined by reference to GAAP as in effect as of the date hereof without giving effect to any amendments to GAAP that may be adopted thereafter.

"Indebtedness" means, with respect to any Person, (without duplication) (a) any liability of such Person (1) for borrowed money, or under any reimbursement obligation relating to a letter of credit, or (2) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation arising in connection with the acquisition of any businesses, properties or assets of any kind, but excluding any earnout obligation) if and to the extent any of the foregoing would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP (other than a trade payable or a current liability arising in the ordinary course of business), or (3) for the payment of money relating to any Capital Lease Obligations; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above; and (d) in the case of any Subsidiary, the aggregate preference in respect of amounts payable on the issued and outstanding shares of preferred stock of such Subsidiary in the event of any voluntary or involuntary liquidation, dissolution or winding up (excluding any such preference attributable to such shares of preferred stock that are owned by the Guarantor or any Subsidiary thereof).

"Lien" means any mortgage, pledge, lien, security interest, charge or other encumbrance or similar preferential arrangement (including any conditional sale or other title retention agreement or lease in the nature thereof other than a title retention agreement in connection with the purchase of goods in the ordinary course of business which is outstanding for not more than 90 days).

"Material Subsidiary" means, as to any Person, any Domestic Subsidiary of such Person with consolidated shareholders' equity equal to or greater than 5% of the consolidated shareholders' equity of such Person (as of the end of the most recent fiscal

quarter for which such Person's financial statements have been issued), or net income (for the period of four consecutive fiscal quarters then most recently ended for which such Person's financial statements have been issued and during which the consolidated net income of such Person was not a loss), after elimination of intercompany items, equal to or greater than 10% of consolidated net income (for such period) of such Person.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Property" means any asset, revenue or any other property, whether tangible or intangible, real or personal, including, without limitation, any right to receive income.

"Subsidiary" means (i) any Person more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

#### **Guarantee**

The Guarantor will fully, unconditionally and irrevocably guarantee our obligations under the indenture and the notes on an unsecured and unsubordinated basis. The obligations of the Guarantor under the Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law.

#### **Credit Support**

We are party to an existing support agreement with Harley-Davidson under which Harley-Davidson agrees to provide financial support to us, if required, to maintain our fixed-charge coverage ratio at no less than 1.25 and a minimum net worth of \$40.0 million. The support agreement does not constitute a guarantee by Harley-Davidson of our payment on the notes or any of our other obligations or liabilities. See "Description of Notes—Credit Support" in the accompanying offering memorandum.

#### **Book Entry Procedures**

All interests in the notes will be subject to the operations and procedures of DTC and, where interests in the notes are held through Euroclear or Clearstream, Luxembourg as a participant in DTC, will also be subject to the operations and procedures of Euroclear or Clearstream, Luxembourg, as applicable. We provide summaries of these operations and procedures in the accompanying offering memorandum solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. We and the Agents are not responsible for those operations or procedures.

[Information omitted]

**HARLEY-DAVIDSON FINANCIAL SERVICES, INC.**  
**Medium-Term Notes**  
**Due Nine Months or More from Date of Issue**  
Payment of Principal, Premium, if any, and Interest  
Fully and Unconditionally Guaranteed by Harley-Davidson Credit Corp.

[Information omitted]

The date of this offering memorandum is June 6, 2024.

[Information omitted]

Chief Executive Officer Certification  
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Jochen Zeitz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harley-Davidson, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Jochen Zeitz

Jochen Zeitz

President and Chief Executive Officer

Chief Financial Officer Certification  
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Jonathan R. Root, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harley-Davidson, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2024

/s/ Jonathan R. Root

Jonathan R. Root

Chief Financial Officer



Written Statement of the Chief Executive Officer and Chief Financial Officer  
Pursuant to 18 U.S.C. sec. 1350

Solely for the purpose of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned President and Chief Executive Officer and the Chief Financial Officer of Harley-Davidson, Inc. (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2024

/s/ Jochen Zeitz

Jochen Zeitz

President and Chief Executive Officer

/s/ Jonathan R. Root

Jonathan R. Root

Chief Financial Officer