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Total
Allowance for credit losses, ending balance:

Individually evaluated for impairment

$
—

$
—

$
—

Collectively evaluated for impairment

116,112

9,337

125,449

Total allowance for credit losses

$
116,112

$
9,337

$
125,449

Finance receivables, ending balance:

Individually evaluated for impairment	$ —	$ —	$ —
Collectively evaluated for impairment	5,087,490	824,640	5,912,130
Total finance receivables	$ 5,087,490	$ 824,640	$ 5,912,130

Finance receivables are considered impaired when management determines it is probable that the Company will be unable to collect all amounts due according to the loan agreement. As retail finance receivables are collectively and not individually reviewed for impairment, this portfolio does not have specifically impaired finance receivables. A specific allowance is established for wholesale finance receivables determined to be individually impaired in accordance with the applicable accounting standards when management concludes that the borrower will not be able to make full payment of the contractual amounts due based on the original terms of the loan agreement. The impairment is determined based on the cash that the Company expects to receive discounted at the loan's original interest rate and the fair value of the collateral, if the loan is collateral-dependent. In establishing the allowance, management considers a number of factors including the specific borrower's financial performance as well as ability to repay. At December 31, 2012 and 2011, there were no wholesale finance receivables that were individually deemed to be impaired under ASC Topic 310, “Receivables”.

Retail finance receivables accrue interest until either collected or charged-off. Interest continues to accrue on past due wholesale finance receivables until the finance receivable becomes uncollectible, at which time the finance receivable is placed on non-accrual status. The Company will resume accruing interest on these wholesale finance receivables when payments are current according to the terms of the loan agreements and future payments are reasonably assured. At December 31, 2012 and 2011, there were no wholesale finance receivables on non-accrual status.

An analysis of the aging of past due finance receivables at December 31 was as follows (in thousands):

2012	Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Total Finance Receivables
Retail	$4,894,675	$113,604	$37,239	$27,597	$178,440	$5,073,115
Wholesale	814,706	984	278	436	1,698	816,404
Total	$5,709,381	$114,588	$37,517	$28,033	$180,138	$5,889,519

2011	Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Total Finance Receivables
Retail	$4,915,711	$107,373	$36,937	$27,469	$171,779	$5,087,490
Wholesale	822,610	777	344	909	2,030	824,640
Total	$5,738,321	$108,150	$37,281	$28,378	$173,809	$5,912,130

The recorded investment of retail and wholesale finance receivables, excluding non-accrual status finance receivables, that are contractually past due 90 days or more at December 31 for the past five years was as follows (in thousands):

	2012	2011	2010	2009	2008
United States	$26,500	$27,171	$34,391	$24,629	$23,678
Canada	1,533	1,207	1,351	2,161	1,275
Total	$28,033	$28,378	$35,742	$26,790	$24,953

A significant part of managing HDFS' finance receivable portfolios includes the assessment of credit risk associated with each borrower. As the credit risk varies between the retail and wholesale portfolios, HDFS utilizes different credit risk indicators for each portfolio.

HDFS manages retail credit risk through its credit approval policy and ongoing collection efforts. HDFS 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. Retail loans with a FICO score of 640 or above at origination are considered prime, and loans with a FICO score below 640 are considered sub-prime. These credit quality indicators are determined at the time of loan origination and are not updated subsequent to the loan origination date.

The recorded investment of retail finance receivables, by credit quality indicator, at December 31 was as follows (in thousands):

	2012	2011
Prime	$4,035,584	$4,097,048
Sub-prime	1,037,531	990,442
Total	$5,073,115	$5,087,490

HDFS' 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. HDFS 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. HDFS uses the following internal credit quality indicators, based on the Company's 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 management'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. The internal rating system considers factors such as the specific borrowers' ability to repay and the estimated value of any collateral. Dealer risk rating classifications are reviewed and updated on a quarterly basis.

The recorded investment of wholesale finance receivables, by internal credit quality indicator, at December 31 was as follows (in thousands):

	2012	2011
Doubtful	$8,107	$13,048
Substandard	2,593	5,052
Special Mention	3,504	14,361
Medium Risk	8,451	3,032
Low Risk	793,749	789,147
Total	$816,404	$824,640

7. Asset-Backed Financing

HDFS participates in asset-backed financing through both term asset-backed securitization transactions and through asset-backed commercial paper conduit facilities. HDFS treats these transactions as secured borrowing because assets are either transferred to consolidated VIEs or HDFS maintains effective control over the assets and does not meet the accounting sale requirements under ASC Topic 860. See Note 1 for more information on the Company's accounting for asset-backed financings and VIEs.

The following table shows the assets and liabilities related to our asset-backed financings that were included in our financial statements at December 31 (in thousands):

2012	Finance receivables	Allowance for credit losses	Restricted cash	Other assets	Total assets	Asset-backed debt
On-balance sheet assets and liabilities						
Consolidated VIEs						
Term asset-backed securitizations	$2,143,708	$(42,139)	$176,290	$4,869	$2,282,728	$1,447,776
Asset-backed U.S. commercial paper conduit facility	—	—	—	419	419	—
Unconsolidated VIEs						
Asset-backed Canadian commercial paper conduit facility	194,285	(3,432)	11,718	255	202,826	175,658
	$2,337,993	$(45,571)	$188,008	$5,543	$2,485,973	$1,623,434

2011	Finance receivables	Allowance for credit losses	Restricted cash	Other assets	Total assets	Asset-backed debt
On-balance sheet assets and liabilities						
Consolidated VIEs						
Term asset-backed securitizations	$2,916,219	$(65,735)	$228,776	$6,772	$3,086,032	$2,087,346
Asset-backed U.S. commercial paper conduit facility	13,455	(302)	879	449	14,481	—
Unconsolidated VIEs						
Asset-backed Canadian commercial paper conduit facility	—	—	—	—	—	—
	$2,929,674	$(66,037)	$229,655	$7,221	$3,100,513	$2,087,346

Term Asset-Backed Securitization VIEs

The Company transfers U.S. retail motorcycle finance receivables to SPEs which in turn issue secured notes to investors, with various maturities and interest rates, secured by future collections of the purchased U.S. retail

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motorcycle finance receivables. Each term asset-backed securitization SPE is a separate legal entity and the U.S. retail motorcycle finance receivables included in the term asset-backed securitizations are only available for payment of the secured debt and other obligations arising from the term 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. Cash and cash equivalent balances held by the SPEs are used only to support the securitizations.

In 2012 and 2011, HDFS transferred $715.7 million and $1.21 billion, respectively, of U.S. retail motorcycle finance receivables to three separate SPEs. The SPEs in turn issued $675.3 million and $1.09 billion, respectively, of secured notes. At December 31, 2012, the Company's consolidated balance sheet included outstanding balances related to the following secured notes with the related maturity dates and interest rates (in thousands):

Issue Date	Principal Amount at Date of Issuance	Weighted-Average Rate at Date of Issuance		Contractual Maturity Date
July 2012	$675,306	0.59	%	August 2013 - June 2018
November 2011	$513,300	0.88	%	November 2012 - February 2018
August 2011	$573,380	0.76	%	September 2012 - August 2017
November 2010	$600,000	1.05	%	December 2011 - April 2018
December 2009	$562,499	1.55	%	December 2010 - June 2017

In addition, during 2012, the Company issued $89.5 million of secured notes through the sale of notes that had been previously retained as part of the December 2009, August 2011 and November 2011 term asset-backed securitization transactions. These notes were sold at a premium and have contractual maturities ranging from June 2017 to April 2019.

Outstanding balances related to the following secured notes were included in the Company's consolidated balance sheet at December 31, 2011 (in thousands) and the Company completed repayment of those balances during 2012:

Issue Date	Principal Amount at Date of Issuance	Weighted-Average Rate at Date of Issuance		Contractual Maturity Date
October 2009	$700,000	1.16	%	October 2010 - April 2017
July 2009	$700,000	2.11	%	July 2010 - February 2017
May 2009	$500,000	2.77	%	May 2010 - January 2017
February 2008	$486,000	3.94	%	February 2009 - December 2013
August 2007	$782,000	5.50	%	September 2008 - May 2015
May 2007	$950,000	5.20	%	May 2008 - August 2015

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.

For the year ended December 31, 2012 and 2011, the SPEs recorded interest expense on the secured notes of $25.8 million and $60.2 million, respectively, which is included in financial services interest expense. The weighted average interest rate of the outstanding term asset-backed securitization transactions was 1.09% and 1.96% at December 31, 2012 and 2011, respectively.

Asset-Backed U.S. Commercial Paper Conduit Facility VIE

In September 2012, the Company amended and restated its third-party bank sponsored asset-backed commercial paper conduit facility (U.S. Conduit) which provides for a total aggregate commitment of up to $600.0 million based on, among other things, the amount of eligible U.S. retail motorcycle finance receivables held by the SPE as collateral. The amended agreement has similar terms as the prior agreement and is for the same amount. Under the facility, HDFS may transfer U.S. retail motorcycle finance receivables to a SPE, which in turn may issue debt to third-party bank-sponsored asset-backed commercial paper conduits.

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, or LIBOR plus a specified margin to the extent the advance is not funded by a conduit lender through the issuance of commercial paper. The U.S.

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Conduit also provides for an unused commitment fee based on the unused portion of the total aggregate commitment of $600.0 million. 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, any outstanding principal will continue to be reduced monthly through available collections. Unless earlier terminated or extended by mutual agreement of HDFS and the lenders, the U.S. Conduit has an expiration date of September 13, 2013.

The SPE had no borrowings outstanding under the U.S. Conduit at December 31, 2012 or 2011; therefore, these assets are restricted as collateral for the payment of fees associated with the unused portion of the total aggregate commitment of $600.0 million.

For the years ended December 31, 2012 and 2011, the SPE recorded interest expense of $1.4 million and $1.5 million, respectively, related to the unused portion of the total aggregate commitment of $600.0 million. Interest expense on the U.S. Conduit is included in financial services interest expense. There was no weighted average interest rate at December 31, 2012 or 2011 as HDFS had no outstanding borrowings under the U.S. Conduit during 2012 or 2011.

Asset-Backed Canadian Commercial Paper Conduit Facility

In 2012, HDFS entered into an agreement with a Canadian bank-sponsored asset-backed commercial paper conduit facility (Canadian Conduit). Under the agreement, the Canadian Conduit is contractually committed, at HDFS' option, to purchase from HDFS eligible Canadian retail motorcycle finance receivables for proceeds up to C$200 million. 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 of C$200 million. 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. Unless earlier terminated or extended by mutual agreement of HDFS and the lenders, the Canadian Conduit expires on August 30, 2013. The contractual maturity of the debt is approximately 5 years.

During 2012, HDFS transferred $230.0 million of Canadian retail motorcycle finance receivables for proceeds of $201.3 million This transaction is treated as a secured borrowing, and the transferred assets are restricted as collateral for payment of the debt.

For the year ended December 31, 2012, HDFS recorded interest expense of $1.1 million on the secured notes. Interest expense on the Canadian Conduit is included in financial services interest expense. The weighted average interest rate of the outstanding Canadian Conduit was 1.95% at December 31, 2012.

As HDFS 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, is $27.2 million at December 31, 2012. The maximum exposure is not an indication of the Company's expected loss exposure.

8. Fair Value Measurements

Certain assets and liabilities are recorded at fair value in the financial statements; some of these are measured on a recurring basis while others are measured on a non-recurring basis. Assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. Assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. In determining fair value of assets and liabilities, the Company uses various valuation techniques. The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial

instruments, pricing inputs are less observable in the market and may require management judgment.
The Company assesses the inputs used to measure fair value using a three-tier hierarchy. The hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable.

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Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. The Company uses the market approach to derive the fair value for its level 2 fair value measurements. Foreign currency exchange contracts are valued using publicly quoted spot and forward prices; commodity contracts are valued using publicly quoted prices, where available, or dealer quotes; interest rate swaps are valued using publicized swap curves; and investments in marketable debt and equity securities are valued using publicly quoted prices.

Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability. The use of observable and unobservable inputs is reflected in the hierarchy assessment disclosed in the following tables.

Recurring Fair Value Measurements

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31 (in thousands):

	Balance as of 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$852,979	$ 690,691	$162,288	$—
Marketable securities	135,634	—	135,634	—
Derivatives	317	—	317	—
	$988,930	$ 690,691	$298,239	$—
Liabilities:				
Derivatives	$7,920	$ —	$7,920	$—

	Balance as of 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$1,302,367	$ 1,122,375	$179,992	$—
Marketable securities	153,380	—	153,380	—
Derivatives	16,443	—	16,443	—
	$1,472,190	$ 1,122,375	$349,815	$—
Liabilities:				
Derivatives	$5,136	$ —	$5,136	$—

The hierarchy classification for cash equivalents, in 2011, totaling $180 million has been revised from level 1 to level 2.

9. Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities, trade receivables, finance receivables, net, trade payables, debt, foreign currency contracts and interest rate swaps (derivative instruments are discussed further in Note 10). Under U.S. GAAP certain of these items are required to be recorded in the financial statements at fair value, while others are required to be recorded at historical cost.

The following table summarizes the fair value and carrying value of the Company's financial instruments at December 31 (in thousands):

	2012		2011	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Assets:				
Cash and cash equivalents	$1,068,138	$1,068,138	$1,526,950	$1,526,950
Marketable securities	$135,634	$135,634	$153,380	$153,380
Accounts receivable, net	$230,079	$230,079	$219,039	$219,039
Derivatives	$317	$317	$16,443	$16,443
Finance receivables, net	$5,861,442	$5,781,852	$5,888,040	$5,786,681
Restricted cash	$188,008	$188,008	$229,655	$229,655
Liabilities:				
Accounts payable	$257,386	$257,386	$255,713	$255,713
Derivatives	$7,920	$7,920	$5,136	$5,136
Unsecured commercial paper	$294,943	$294,943	$874,286	$874,286
Global credit facilities	$—	$—	$159,794	$159,794
Asset-backed Canadian commercial paper conduit facility	$175,658	$175,658	$—	$—
Medium-term notes	$3,199,548	$2,881,272	$2,561,458	$2,298,193
Senior unsecured notes	$338,594	$303,000	$376,513	$303,000
Term asset-backed securitization debt	$1,457,807	$1,447,776	$2,099,060	$2,087,346

Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Net and Accounts Payable – With the exception of certain money-market and commercial paper investments, these items are recorded in the financial statements at historical cost. The historical cost basis for these amounts is estimated to approximate their respective fair values due to the short maturity of these instruments.

Marketable Securities – Marketable securities are recorded in the financial statements at fair value. The fair value of marketable securities is based primarily on quoted market prices of similar financial assets. Changes in fair value are recorded, net of tax, as other comprehensive income and included as a component of shareholders' equity. Fair value is based on Level 1 or Level 2 inputs.

Finance Receivables, Net – Retail and wholesale finance receivables are recorded in the financial statements at historical 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 historical cost basis of wholesale finance receivables approximates fair value because they either are short-term or have interest rates that adjust with changes in market interest rates.

Derivatives – Interest rate swaps, foreign currency exchange contracts and commodity contracts are derivative financial instruments and are carried at fair value on the balance sheet. The fair value of interest rate swaps is determined using pricing models that incorporate quoted prices for similar assets and observable inputs such as interest rates and yield curves. The fair value of foreign currency exchange contracts and commodity contracts are determined using publicly quoted prices. Fair value is calculated using Level 2 inputs.

Debt – Debt is generally recorded in the financial statements at historical cost. The carrying value of debt provided under Global Credit Facilities approximates fair value since the interest rates charged under the facilities are tied directly to market rates and fluctuate as market rates change. The carrying value of unsecured commercial paper approximates fair value due to its short maturity. Fair value is calculated using Level 2 inputs.

The carrying value of debt provided under the Canadian Conduit approximates fair value since the interest rates charged under the facility are tied directly to market rates and fluctuate as market rates change. Fair value is calculated using Level 2 inputs.

The fair values of the medium-term notes are estimated based upon rates currently available for debt with similar terms and remaining maturities. Fair value is calculated using level 2 inputs.

The fair value of the senior unsecured notes is estimated based upon rates currently available for debt with similar terms and remaining maturities. Fair value is calculated using level 2 inputs.
The fair value of the debt related to term asset-backed securitization transactions is estimated based on pricing currently available for transactions with similar terms and maturities. Fair value is calculated using level 2 inputs.

10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks such as foreign currency exchange rate risk, interest rate risk and commodity price risk. 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.
All derivative instruments are recognized on the balance sheet at fair value (see Note 9). In accordance with ASC Topic 815, "Derivatives and Hedging," the accounting for changes in the fair value of a derivative 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 derivatives that are designated as fair value hedges, along with the gain or loss on the hedged item, are recorded in current period earnings. For derivative instruments that are designated as cash flow hedges, the effective portion of gains and losses that result from changes in the fair value of derivative instruments is initially recorded in other comprehensive income (OCI) and subsequently reclassified into earnings when the hedged item affects income. The Company assesses, at both the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. Any ineffective portion is immediately recognized in earnings. No component of a hedging derivative instrument’s gain or loss is excluded from the assessment of hedge effectiveness. Derivative instruments that do not qualify for hedge accounting are recorded at fair value and any changes in fair value are recorded in current period earnings.
The Company sells its products internationally and in most markets those sales are made in the foreign country’s local currency. As a result, the Company’s earnings can be affected by fluctuations in the value of the U.S. dollar relative to foreign currency. The Company’s most significant foreign currency risk relates to the Euro, the Australian dollar, Japanese yen and the Brazilian real. The Company utilizes foreign currency contracts to mitigate the effect of certain currencies’ fluctuations on earnings. The foreign currency contracts are entered into with banks and allow the Company to exchange a specified amount of foreign currency for U.S. dollars at a future date, based on a fixed exchange rate.
The Company utilizes commodity contracts to hedge portions of the cost of certain commodities consumed in the Company’s motorcycle production and distribution operations.
The Company’s foreign currency contracts and commodity contracts generally have maturities of less than one year.
The Company’s earnings are affected by changes in interest rates. HDFS utilizes interest rate swaps to reduce the impact of fluctuations in interest rates on its unsecured commercial paper by converting a portion from a floating rate basis to a fixed rate basis. The fair value of HDFS' interest rate swaps is determined using pricing models that incorporate quoted prices for similar assets and observable inputs such as interest rates and yield curves.

The following tables summarize the fair value of the Company's derivative financial instruments at December 31 (in thousands):

Derivatives Designated As Hedging Instruments Under ASC Topic 815	2012 Notional Value	Asset Fair Value[a]	Liability Fair Value[b]	2011 Notional Value	Asset Fair Value[a]	Liability Fair Value[b]
Foreign currency contracts[c]	$345,021	$169	$6,850	$306,450	$16,443	$1,852
Commodities contracts[c]	1,064	148	683	3,915	—	265
Interest rate swaps – unsecured commercial paper[c]	35,800	—	373	102,100	—	3,020
Total	$381,885	$317	$7,906	$412,465	$16,443	$5,137

Derivatives Not Designated As Hedging Instruments Under ASC Topic 815	2012 Notional Value	Asset Fair Value[a]	Liability Fair Value[b]	2011 Notional Value	Asset Fair Value[a]	Liability Fair Value[b]
Commodities contracts	$16,237	$—	$14	$—	$—	$—
	$16,237	$—	$14	$—	$—	$—

(a) Included in other current assets
(b) Included in accrued liabilities
(c) Derivative designated as a cash flow hedge

The following tables summarize the amount of gains and losses for the following years ended December 31 related to derivative financial instruments designated as cash flow hedges (in thousands):

Cash Flow Hedges	Amount of Gain/(Loss) Recognized in OCI 2012	2011	2010
Foreign currency contracts	$(344)	$(304)	$(6,896)
Commodities contracts	(427)	(558)	(1,164)
Interest rate swaps – unsecured commercial paper	(43)	(662)	(4,318)
Total	$(814)	$(1,524)	$(12,378)

Cash Flow Hedges	Amount of Gain/(Loss) Reclassified from AOCI into Income 2012	2011	2010	Expected to be Reclassified Over the Next Twelve Months
Foreign currency contracts[a]	$18,586	$(24,746)	$(312)	$ (5,731)
Commodities contracts[a]	(705)	(539)	(867)	(9)
Interest rate swaps – unsecured commercial paper[b]	(2,542)	(5,103)	(6,466)	(373)
Total	$15,339	$(30,388)	$(7,645)	$ (6,113)

(a)

Gain/(loss) reclassified from accumulated other comprehensive income (AOCI) to income is included in cost of goods sold.

(b) Gain/(loss) reclassified from AOCI to income is included in financial services interest expense.

For the years ended December 31, 2012 and 2011, the cash flow hedges were highly effective and, as a result, the amount of hedge ineffectiveness was not material. No amounts were excluded from effectiveness testing.

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The following tables summarize the amount of gains and losses for the years ended December 31 related to derivative financial instruments designated as fair value hedges (in thousands):

	Amount of (Loss) Recognized in Income on Derivative		
Fair Value Hedges	2012	2011	2010
Interest rate swaps – medium-term notes[a]	$—	$—	$(6,072)

(a) Gain/(loss) recognized in income is included in financial services interest expense.

	Amount of Gain Recognized in Income on Hedged Debt		
Fair Value Hedges	2012	2011	2010
Interest rate swaps – medium-term notes[a]	$—	$—	$6,072

(a) Gain/(loss) recognized in income is included in financial services interest expense.

The following table summarizes the amount of gains and losses for the years ended December 31 related to derivative financial instruments not designated as hedging instruments (in thousands):

	Amount of Gain/(Loss) Recognized in Income on Derivative		
Derivatives not Designated as Hedges	2012	2011	2010
Commodities contracts[a]	$(535)	$—	$—
Derivatives – securitization transactions[b]	—	—	(8)
Derivatives – conduit facility[b]	—	—	(6,343)
	$(535)	$—	$(6,351)

(a) Gain/(loss) recognized in income is included in cost of goods sold.
(b) Gain/(loss) recognized in income is included in financial services revenue.

11. Accumulated Other Comprehensive Loss

The following table sets forth the changes in accumulated other comprehensive loss (AOCL) for the years ended December 31 (in thousands):

	2012 AOCL beginning balance	Gross other comprehensive income (loss)	Tax benefit (expense)	Net other comprehensive income (loss)	AOCL ending balance
Foreign currency translation adjustment	$49,935	$ 2,212	$(812)	$ 1,400	$51,335
Unrealized gains (losses) on marketable securities	327	556	(206)	350	677
Derivative financial instruments	6,307	(16,153)	6,009	(10,144)	(3,837)
Pension and postretirement benefit plans	(533,302)	(194,649)	72,098	(122,551)	(655,853)
Accumulated other comprehensive loss	$(476,733)	$ (208,034)	$77,089	$ (130,945)	$(607,678)

	2011 AOCL beginning balance	Gross other comprehensive income (loss)	Tax benefit (expense)	Net other comprehensive income (loss)	AOCL ending balance
Foreign currency translation adjustment	$55,551	$ (6,251)	$635	$ (5,616)	$49,935
	(133)	731	(271)	460	327

Unrealized gains (losses) on marketable securities					
Derivative financial instruments	(11,912)	28,864	(10,645)	18,219	6,307
Pension and postretirement benefit plans	(409,728)	(196,274)	72,700	(123,574)	(533,302)
Accumulated other comprehensive loss	$(366,222)	$ (172,930)	$62,419	$ (110,511)	$(476,733)

	2010					
	AOCL beginning balance	Gross other comprehensive income (loss)	Tax benefit (expense)	Net other comprehensive income (loss)	Cumulative effect of accounting change [(a)]	AOCL ending balance
Foreign currency translation adjustment	$46,102	$ 10,577	$(1,128)	$ 9,449	$—	$55,551
Unrealized gains (losses) on marketable securities	—	(211)	78	(133)	—	(133)
Derivative financial instruments	(8,940)	(4,756)	1,784	(2,972)	—	(11,912)
Pension and postretirement benefit plans	(451,577)	66,469	(24,620)	41,849	—	(409,728)
Investment in retained securitization interests	(3,483)	—	—	—	3,483	—
Accumulated other comprehensive loss	$(417,898)	$ 72,079	$(23,886)	$ 48,193	$ 3,483	$(366,222)

(a) Net of tax of $1,959

12. Debt

Debt with contractual terms less than one year is generally classified as short-term debt and consisted of the following as of December 31 (in thousands):

	2012	2011
Unsecured commercial paper	$294,943	$838,486

Debt with a contractual term greater than one year is generally classified as long-term debt and consisted of the following as of December 31 (in thousands):

	2012	2011
Unsecured commercial paper	$—	$35,800
Bank borrowings		
Credit facilities	—	159,794
Secured debt		
Asset-backed Canadian commercial paper conduit facility	175,658	—
Term asset-backed securitization debt	1,447,776	2,087,346
Unsecured notes		
5.25% Medium-term notes due in 2012 ($400.0 million par value)	—	399,916
5.75% Medium-term notes due in 2014 ($500.0 million par value)	499,705	499,544
1.15% Medium-term notes due in 2015 ($600.0 million par value)	599,269	—
3.88% Medium-term notes due in 2016 ($450.0 million par value)	449,829	449,775
2.70% Medium-term notes due in 2017 ($400.0 million par value)	399,929	—
6.80% Medium-term notes due in 2018 ($933.5 million par value)	932,540	948,958
15.00% senior unsecured notes due in 2014 ($600.0 million par value)	303,000	303,000
Gross long-term debt	4,807,706	4,884,133
Less: current portion of long-term debt	(437,162)	(1,040,247)
Long-term debt	$4,370,544	$3,843,886

At December 31, 2012, unsecured commercial paper is classified as short-term debt. At December 31, 2011, the Company has classified $195.6 million related to its unsecured commercial paper and its Global Credit Facilities as long-term debt. This amount was excluded from short term debt as it was expected to be outstanding for an uninterrupted period extending beyond one year from the balance sheet date.

Commercial paper maturities may range up to 365 days from the issuance date. The weighted-average interest rate of outstanding commercial paper balances was 0.75% and 1.05% at December 31, 2012 and 2011, respectively. The December 31, 2012 and 2011 weighted-average interest rates include the impact of interest rate swap agreements.

On April 13, 2012, the Company and HDFS entered into a new $675.0 million five-year credit facility to refinance and replace a $675.0 million three-year credit facility that was due to mature in April 2013. The new five-year credit facility matures in April 2017. The Company and HDFS also have a $675.0 million four-year credit facility which matures in April 2015. The new five-year credit facility and the four-year credit facility (together, the Global Credit Facilities) bear interest at various variable interest 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 upon the average daily unused portion of the aggregate commitments under the Global Credit Facilities. The Global Credit Facilities are committed facilities and primarily used to support HDFS' unsecured commercial paper program.
On September 14, 2012, the Company amended and restated its revolving asset-backed U.S. Conduit which provides for a total aggregate commitment of $600.0 million. At December 31, 2012 and 2011, HDFS had no outstanding borrowings under the U.S. Conduit. Refer to Note 7 for further discussion on the U.S. Conduit.
In August 2012, HDFS entered into an agreement with a Canadian bank-sponsored asset-backed commercial paper conduit facility. Under the agreement, the Canadian Conduit is contractually committed, at HDFS' option, to purchase from HDFS eligible Canadian retail motorcycle financial receivables for proceeds up to C$200 million. During 2012, HDFS transferred $230.0 million of Canadian retail motorcycle finance receivables for proceeds of $201.3 million. Approximately $37.7 million of the debt was classified as current at December 31, 2012. Refer to Note 7 for further discussion on the Canadian Conduit.
During 2012, the Company issued $675.3 million of secured notes through one term asset-backed securitization transaction. Additionally, during 2012, the Company issued $89.5 million of secured notes through the sale of notes that had been previously retained as part of the December 2009, August 2011, and November 2011 term asset-backed securitization transactions. These notes were sold at a premium, and at December 31, 2012, the unaccreted premium associated with these notes was $1.2 million. During 2011, the Company issued $1.09 billion of secured notes through two term asset-backed securitization transactions. Approximately $399.5 million and $640.3 million of the obligations under the secured notes were classified as current at December 31, 2012 and 2011, respectively, based on the contractual maturities of the restricted finance receivables. The term-asset backed securitization transactions are further discussed in Note 7.
In January 2012, HDFS issued $400.0 million of medium-term notes which mature in March 2017 and have an annual interest rate of 2.70%. In September 2012, HDFS issued $600.0 million of medium-term notes which mature in September 2015 and have an annual interest rate of 1.15%. During 2011, HDFS issued $450.0 million of medium-term notes which mature in March 2016 and have an annual interest rate of 3.875%. All of HDFS' medium-term notes (collectively, the Notes) provide for semi-annual interest payments and principal due at maturity. During 2012 and 2011, HDFS repurchased an aggregate of $16.6 million and $49.9 million, respectively, of its $1.0 billion, 6.80% medium-term notes which mature in June 2018 As a result, HDFS recognized in financial services interest expense $4.3 million and $9.6 million of loss on extinguishment of debt, respectively, which included unamortized discounts and fees. During December 2012, the $400 million, 5.25% medium-term notes matured, and the principal and accrued interest were paid in full. Unamortized discounts on the Notes reduced the balance by $2.2 million and $1.9 million at December 31, 2012 and 2011, respectively.
In February 2009 the Company issued $600.0 million of senior unsecured notes in an underwritten offering. The senior unsecured notes provide for semi-annual interest payments and principal due at maturity. The senior unsecured notes mature in February 2014 and have an annual interest rate of 15%. During the fourth quarter of 2010, the Company repurchased $297.0 million of the $600.0 million senior unsecured notes at a price of $380.8 million. As a result of the transaction, the Company incurred a loss on debt extinguishment of $85.2 million which also included $1.4 million of capitalized debt issuance costs that were written-off. The Company used cash on hand for the repurchase and the repurchased notes were canceled.
HDFS and the Company are subject to various operating and financial covenants related to the Global Credit Facilities and various operating covenants under the Notes and the U.S. and Canadian asset-backed commercial paper conduit facilities. The more significant covenants are described below.
The covenants limit the Company's and HDFS' ability to:

- incur certain additional indebtedness;
- assume or incur certain liens;
- participate in certain mergers, consolidations, liquidations or dissolutions; and
- purchase or hold margin stock.

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Under the financial covenants of the Global Credit Facilities, the consolidated debt to equity ratio of HDFS cannot exceed 10.0 to 1.0. In addition, the Company must maintain a minimum interest coverage ratio of 2.25 to 1.0 for each fiscal quarter ended through June 2013 and 2.5 to 1.0 for each fiscal quarter thereafter. No financial covenants are required under the Notes or the U.S. or Canadian asset-backed commercial paper conduit facilities.

At December 31, 2012 and 2011, HDFS and the Company remained in compliance with all of these covenants.

13. Income Taxes

Provision for income taxes for the years ended December 31 consists of the following (in thousands):

	2012	2011	2010
Current:			
Federal	$191,006	$135,232	$138,221
State	4,221	12,177	6,919
Foreign	13,189	5,776	4,486
	208,416	153,185	149,626
Deferred:			
Federal	121,934	104,723	(18,428)
State	7,697	(12,201)	(1,361)
Foreign	(460)	(1,121)	963
	129,171	91,401	(18,826)
Total	$337,587	$244,586	$130,800

The components of income before income taxes for the years ended December 31 were as follows (in thousands):

	2012	2011	2010
Domestic	$946,592	$782,896	$377,416
Foreign	14,920	9,768	13,053
	$961,512	$792,664	$390,469

The provision for income taxes differs from the amount that would be provided by applying the statutory U.S. corporate income tax rate due to the following items for the years ended December 31:

	2012	2011	2010
Provision at statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	1.6	1.6	1.0
Domestic manufacturing deduction	(1.6)	(1.8)	(3.2)
Research and development credit	—	(0.6)	(1.0)
Unrecognized tax benefits including interest and penalties	0.1	(1.1)	(0.2)
Valuation allowance adjustments	(0.3)	(2.0)	0.7
Medicare Part D	—	—	3.4
Tax audit settlements	(0.1)	(1.1)	(0.4)
Investments in low-income housing partnerships	—	—	0.6
Adjustments for previously accrued taxes	(0.4)	0.3	(2.8)
Other	0.8	0.6	0.4
Provision for income taxes	35.1%	30.9%	33.5%

The principal components of the Company’s deferred tax assets and liabilities as of December 31 include the following (in thousands):

	2012	2011
Deferred tax assets:		
Accruals not yet tax deductible	$118,434	$123,514
Pension and postretirement benefit plan obligations	227,593	219,071
Stock compensation	28,001	32,486
Net operating loss carryforward	32,276	28,914
Valuation allowance	(16,314)	(14,914)
Other, net	45,053	49,253
	435,043	438,324
Deferred tax liabilities:		
Depreciation, tax in excess of book	(117,743)	(77,787)
Other	(34,602)	(25,767)
	(152,345)	(103,554)
Total	$282,698	$334,770

The Company reviews its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset is considered, along with any positive or negative evidence such as tax law changes. Since future financial results and tax law may differ from previous estimates, periodic adjustments to the Company’s valuation allowances may be necessary.

At December 31, 2012, the Company had approximately $420.8 million state net operating loss carry-forwards expiring in 2031. At December 31, 2012 the Company also had Wisconsin research and development credit carryforwards of $15.3 million expiring in 2026. The Company had a deferred tax asset of $31.8 million as of December 31, 2012 for the benefit of these losses and credits. A valuation allowance of $15.8 million has been established against the deferred tax asset.

At December 31, 2012, the Company had $1.4 million federal capital loss carryforwards expiring in 2013. The Company had a deferred tax asset of $0.5 million as of December 31, 2012 for the benefit of this loss. A valuation allowance of $0.5 million has been established against the deferred tax asset.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. Changes in the Company’s gross liability for unrecognized tax benefits, excluding interest and penalties, were as follows (in thousands):

	2012	2011
Unrecognized tax benefits, beginning of period	$57,137	$69,805
Increase in unrecognized tax benefits for tax positions taken in a prior period	1,806	13,745
Decrease in unrecognized tax benefits for tax positions taken in a prior period	(6,439)	(21,574)
Increase in unrecognized tax benefits for tax positions taken in the current period	3,737	3,036
Statute lapses	(415)	(2,249)
Settlements with taxing authorities	(7,074)	(5,626)
Unrecognized tax benefits, end of period	$48,752	$57,137

The amount of unrecognized tax benefits as of December 31, 2012 that, if recognized, would affect the effective tax rate was $35.5 million.

The total gross amount of income related to interest and penalties associated with unrecognized tax benefits recognized during 2012 in the Company’s Consolidated Statements of Operations was $3.0 million due to favorable settlements and statute lapses.

The total gross amount of interest and penalties associated with unrecognized tax benefits recognized at December 31, 2012 in the Company's Consolidated Balance Sheets was $20.6 million.

The Company does not expect a significant increase or decrease to the total amounts of unrecognized tax benefits related to continuing operations during the fiscal year ending December 31, 2013. However, the Company is under regular audit by tax authorities. The Company believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provision includes amounts sufficient to pay any assessments. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.
The Company or one of its subsidiaries files income tax returns in the United States federal and Wisconsin state jurisdictions and various other state and foreign jurisdictions. The Company is no longer subject to income tax examinations for Wisconsin state income taxes before 2009 or for United States federal income taxes before 2009.

14. Employee Benefit Plans and Other Postretirement Benefits

The Company has a qualified defined benefit pension plan and several postretirement healthcare benefit plans, which cover employees of the Motorcycles segment. The Company also has unfunded supplemental employee retirement plan agreements (SERPA) with certain employees which were instituted to replace benefits lost under the Tax Revenue Reconciliation Act of 1993. During 2012, the Company consolidated four qualified defined benefit pension plans into one qualified pension plan. The consolidation had no impact on participant benefits.
Pension benefits are based primarily on years of service and, for certain plans, levels of compensation. Employees are eligible to receive postretirement healthcare benefits upon attaining age 55 after rendering at least 10 years of service to the Company. Some of the plans require employee contributions to partially offset benefit costs.
Obligations and Funded Status:
The following table provides the changes in the benefit obligations, fair value of plan assets and funded status of the Company’s pension, SERPA and postretirement healthcare plans as of the Company’s December 31, 2012 and 2011 measurement dates (in thousands):

	Pension and SERPA Benefits		Postretirement Healthcare Benefits	
	2012	2011	2012	2011
Change in benefit obligation				
Benefit obligation, beginning of period	$1,570,930	$1,390,374	$380,625	$378,341
Service cost	33,681	37,341	7,413	7,630
Interest cost	83,265	80,805	18,310	19,644
Actuarial losses (gains)	276,069	127,259	23,367	(1,364)
Plan participant contributions	1,459	3,441	1,561	1,527
Early Retirement Reinsurance Program Proceeds	—	—	—	2,249
Benefits paid, net of Medicare Part D subsidy	(93,829)	(68,525)	(28,049)	(27,402)
Net curtailments and settlements	—	235	—	—
Benefit obligation, end of period	1,871,575	1,570,930	403,227	380,625
Change in plan assets:				
Fair value of plan assets, beginning of period	1,253,916	1,105,487	109,160	121,064
Actual return on plan assets	160,731	8,129	13,946	820
Company contributions	216,741	205,383	27,675	14,111
Plan participant contributions	1,459	3,441	1,561	1,527
Benefits paid	(93,829)	(68,524)	(29,236)	(28,362)
Fair value of plan assets, end of period	1,539,018	1,253,916	123,106	109,160
Funded status of the plans, December 31	$(332,557)	$(317,014)	$(280,121)	$(271,465)
Amounts recognized in the Consolidated Balance Sheets, December 31:				
Accrued benefit liability (current liabilities)	$(2,263)	$(14,531)	$(2,059)	$(2,883)
Accrued benefit liability (long-term liabilities)	(330,294)	(302,483)	(278,062)	(268,582)

Net amount recognized	$(332,557)	$(317,014)	$(280,121)	$(271,465)

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Benefit Costs:
Components of net periodic benefit costs for the years ended December 31 (in thousands):

	Pension and SERPA Benefits			Postretirement Healthcare Benefits		
	2012	2011	2010	2012	2011	2010
Service cost	$33,681	$37,341	$42,889	$7,413	$7,630	$9,957
Interest cost	83,265	80,805	77,996	18,310	19,644	20,774
Expected return on plan assets	(117,110)	(106,612)	(97,376)	(9,423)	(9,386)	(9,781)
Amortization of unrecognized:						
Prior service cost (credit)	2,958	2,981	4,383	(3,853)	(3,878)	(2,914)
Net loss	43,874	30,266	23,872	7,421	7,192	9,394
Net curtailment loss	—	236	15,508	—	—	11,643
Settlement loss	6,242	274	4,673	—	—	—
Net periodic benefit cost	$52,910	$45,291	$71,945	$19,868	$21,202	$39,073

The 2010 Restructuring Plan actions discussed in Note 5 resulted in the pension and postretirement healthcare plan net curtailment losses noted in the table above and were included in restructuring expense in the consolidated income statement.
Amounts included in accumulated other comprehensive income, net of tax, at December 31, 2012 which have not yet been recognized in net periodic benefit cost are as follows (in thousands):

	Pension and SERPA Benefits	Postretirement Healthcare Benefits	Total
Prior service cost (credit)	$3,489	$ (15,921)	$(12,432)
Net actuarial loss	577,140	91,145	668,285
	$580,629	$ 75,224	$655,853

Amounts expected to be recognized in net periodic benefit cost, net of tax, during the year ended December 31, 2013 are as follows (in thousands):

	Pension and SERPA Benefits	Postretirement Healthcare Benefits	Total
Prior service cost (credit)	$1,099	$ (2,426)	$(1,327)
Net actuarial loss	36,900	5,382	42,282
	$37,999	$ 2,956	$40,955

Assumptions:
Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at December 31 were as follows:

	Pension and SERPA Benefits			Postretirement Healthcare Benefits		
	2012	2011	2010	2012	2011	2010
Assumptions for benefit obligations:						
Discount rate	4.23 %	5.30 %	5.79 %	3.93 %	4.90 %	5.28 %
Rate of compensation	4.00 %	3.49 %	3.49 %	n/a	n/a	n/a
Assumptions for net periodic benefit cost:						
Discount rate	5.30 %	5.79 %	6.00 %	4.90 %	5.28 %	5.65 %
Expected return on plan assets	7.80 %	8.00 %	8.25 %	8.00 %	8.00 %	8.25 %
Rate of compensation increase	3.49 %	3.49 %	3.66 %	n/a	n/a	n/a

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Pension and SERPA Accumulated Benefit Obligation:
Each of the Company's pension and SERPA plans has a separately determined accumulated benefit obligation (ABO) and plan asset value. The ABO is the actuarial present value of benefits based on service rendered and current and past compensation levels. This differs from the projected benefit obligation (PBO) in that it includes no assumption about future compensation levels. The total ABO for all the Company's pension and SERPA plans combined was $1.73 billion and $1.46 billion as of December 31, 2012 and 2011, respectively.
The following table summarizes information related to Company pension plans with a PBO in excess of the fair value of plan assets at December 31 (in millions):

	2012	2011
Pension plans with PBOs in excess of fair value of plan assets:		
PBO	$1,833.8	$1,530.0
Fair value of plan assets	$1,539.0	$1,253.9
Number of plans	1	4

The following table summarizes information related to Company pension plans with an ABO in excess of the fair value of plan assets at December 31 (in millions):

	2012	2011
Pension plans with ABOs in excess of fair value of plan assets:		
ABO	$1,708.1	$1,436.8
Fair value of plan assets	$1,539.0	$1,253.9
Number of plans	1	4

The Company's SERPA plans, which can only be funded as claims are paid, had projected and accumulated benefit obligations of $37.8 million and $20.1 million, respectively, as of December 31, 2012 and $41.0 million and $27.4 million, respectively, as of December 31, 2011.
Plan Assets:
The Company's investment objective is to ensure assets are sufficient to pay benefits while mitigating the volatility of retirement plan assets or liabilities recorded in the balance sheet. The company mitigates volatility through asset diversification and partial asset/liability matching. The investment portfolio contains a diversified blend of equity and fixed-income investments. The Company's current overall targeted asset allocation as a percentage of total market value was approximately 68% equities and 32% fixed-income. Assets are rebalanced regularly to keep the actual allocation in line with targets. Equity holdings primarily include investments in small-, medium- and large-cap companies in the U.S. (including Company stock), investments in developed and emerging foreign markets and alternative investments such as private equity and real estate. Fixed-income holdings consist of U.S. government and agency securities, state and municipal bonds, corporate bonds from diversified industries and foreign obligations. In addition, cash equivalent balances are maintained at levels adequate to meet near-term plan expenses and benefit payments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews.
The following tables present the fair values of the plan assets related to the Company's pension and postretirement healthcare plans within the fair value hierarchy as defined in Note 8.

The fair values of the Company’s pension plan assets as of December 31, 2012 are as follows (in thousands):

	Balance as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$42,625	$ —	$42,625	$—
Equity holdings:				
U.S. companies	540,579	540,578	1	—
Foreign companies	85,415	85,415	—	—
Harley-Davidson common stock	62,189	62,189	—	—
Pooled equity funds	309,878	309,878	—	—
Limited partnership interests	35,954	—	—	35,954
Other	628	—	—	628
Total equity holdings	1,034,643	998,060	1	36,582
Fixed-income holdings:				
U.S. Treasuries	55,014	55,014	—	—
Federal agencies	14,302	—	14,302	—
Corporate bonds	189,643	—	189,643	—
Pooled fixed income funds	165,192	48,528	116,664	—
Foreign bonds	29,149	—	29,149	—
Municipal bonds	8,450	—	8,450	—
Total fixed-income holdings	461,750	103,542	358,208	—
Total pension plan assets	$1,539,018	$ 1,101,602	$400,834	$36,582

Included in the pension plan assets are 1,273,592 shares of the Company’s common stock with a market value of $62.2 million at December 31, 2012.

The following table presents a reconciliation of the fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2012 (in thousands):

	Total	Limited Partnership Interests	Other
Balance, beginning of period	$42,127	$ 40,016	$2,111
Actual return on plan assets:			
Relating to assets still held at the reporting date	(820)	(930)	110
Purchases, sales and settlements	(4,725)	(3,132)	(1,593)
Balance, end of period	$36,582	$ 35,954	$628

The fair values of the Company’s postretirement healthcare plan assets, which did not contain any Level 3 assets, as of December 31, 2012, are as follows (in thousands):

	Balance as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Cash and cash equivalents	$ 5,522	$—	$5,522
Equity holdings:			
U.S. companies	60,658	60,658	—
Foreign companies	13,625	13,625	—
Pooled equity funds	27,617	27,617	—
Total equity holdings	101,900	101,900	—
Fixed-income holdings:			
U.S. Treasuries	5,370	5,370	—
Federal agencies	3,489	—	3,489
Corporate bonds	6,033	—	6,033
Foreign bonds	659	—	659
Municipal bonds	133	—	133
Total fixed-income holdings	15,684	5,370	10,314
Total postretirement healthcare plan assets	$ 123,106	$ 107,270	$15,836

The fair values of the Company’s pension plan assets as of December 31, 2011 are as follows (in thousands):

	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 48,286	$ —	$48,286	$—
Equity holdings:				
U.S. companies	533,030	529,630	3,400	—
Foreign companies	55,555	55,555	—	—
Harley-Davidson common stock	49,505	49,505	—	—
Pooled equity funds	166,460	166,460	—	—
Limited partnership interests	40,016	—	—	40,016
Other	2,111	—	—	2,111
Total equity holdings	846,677	801,150	3,400	42,127
Fixed-income holdings:				
U.S. Treasuries	50,715	50,715	—	—
Federal agencies	51,290	—	51,290	—
Corporate bonds	77,295	—	77,295	—
Pooled fixed income funds	172,968	172,968	—	—
Foreign bonds	6,312	—	6,312	—
Municipal bonds	373	—	373	—
Total fixed-income holdings	358,953	223,683	135,270	—
Total pension plan assets	$ 1,253,916	$ 1,024,833	$186,956	$42,127

Included in the pension plan assets are 1,273,592 shares of the Company's common stock with a market value of $49.5 million at December 31, 2011.

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The following table presents a reconciliation of the fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2011 (in thousands):

	Total	Limited Partnership Interests	Other
Balance, beginning of period	$42,632	$ 40,421	$2,211
Actual return on plan assets:			
Relating to assets still held at the reporting date	(2,888)	(3,018)	130
Purchases, sales and settlements	2,383	2,613	(230)
Balance, end of period	$42,127	$ 40,016	$2,111

The fair values of the Company's postretirement healthcare plan assets, which did not contain any Level 3 assets, as of December 31, 2011, are as follows (in thousands):

	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:			
Cash and cash equivalents	$ 1,858	$—	$1,858
Equity holdings:			
U.S. companies	79,544	79,091	453
Foreign companies	10,365	10,365	—
Total equity holdings	89,909	89,456	453
Fixed-income holdings:			
U.S. Treasuries	7,237	7,237	—
Federal agencies	4,172	—	4,172
Corporate bonds	5,537	—	5,537
Foreign bonds	307	—	307
Municipal bonds	140	—	140
Total fixed-income holdings	17,393	7,237	10,156
Total postretirement healthcare plan assets	$ 109,160	$96,693	$12,467

No plan assets are expected to be returned to the Company during the fiscal year ending December 31, 2013.

For 2013, the Company's overall expected long-term rate of return on assets is 7.75%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based on historical returns adjusted to reflect the current view of the long-term investment market.

Postretirement Healthcare Cost:

The weighted-average healthcare cost trend rate used in determining the accumulated postretirement benefit obligation of the healthcare plans was as follows:

	2012	2011
Healthcare cost trend rate for next year	7.5 %	8.5 %
Rate to which the cost trend rate is assumed to decline (the ultimate rate)	5.0 %	5.0 %
Year that the rate reaches the ultimate trend rate	2019	2019

This healthcare cost trend rate assumption can have a significant effect on the amounts reported. A one-percentage-point change in the assumed healthcare cost trend rate would have the following effects (in thousands):

	One Percent Increase	One Percent Decrease
Total of service and interest cost components in 2012	$814	$(789)
Accumulated benefit obligation as of December 31, 2012	$14,879	$(13,948)

Future Contributions and Benefit Payments:

In January 2013, the Company voluntarily contributed $175.0 million to further fund its qualified pension plans. No additional pension plan contributions are required in 2013. The Company expects it will continue to make on-going contributions related to current benefit payments for SERPA and postretirement healthcare plans in 2013[(1)].

The expected benefit payments and Medicare subsidy receipts for the next five years and thereafter are as follows (in thousands):

	Pension Benefits	SERPA Benefits	Postretirement Healthcare Benefits	Medicare Subsidy Receipts
2013	$66,638	$2,262	$30,054	$1,418
2014	$67,587	$2,725	$30,449	$1,639
2015	$68,536	$1,611	$30,735	$1,851
2016	$70,042	$1,691	$30,247	$2,104
2017	$72,095	$2,113	$29,679	$2,301
2018-2022	$414,800	$12,346	$146,714	$15,240

Defined Contribution Plans:

The Company has various defined contribution benefit plans that in total cover substantially all full-time employees. Employees can make voluntary contributions in accordance with the provisions of their respective plan, which includes a 401(k) tax deferral option. The Company expensed $15.3 million, $12.5 million and $12.6 million for Company contributions during 2012, 2011 and 2010, respectively.

15. Leases

The Company operates certain administrative, manufacturing, warehouse and testing facilities and equipment under lease arrangements that are accounted for as operating leases. Total rental expense was $13.5 million, $11.6 million and $11.0 million for 2012, 2011 and 2010, respectively.

Future minimum operating lease payments at December 31, 2011 were as follows (in thousands):

2013	$12,556
2014	8,211
2015	7,702
2016	6,423
2017	3,783
After 2017	14,269
Total operating lease payments	$52,944

16. Commitments and Contingencies

The Company is subject to lawsuits and other claims related to environmental, product and other matters. In determining required reserves related to these items, the Company carefully analyzes cases and considers the likelihood of adverse

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judgments or outcomes, as well as the potential range of possible loss. The required reserves are monitored on an ongoing basis and are updated based on new developments or new information in each matter.

Environmental Protection Agency Notice

In December 2009, the Company received formal, written requests for information from the United States Environmental Protection Agency (EPA) regarding: (i) certificates of conformity for motorcycle emissions and related designations and labels, (ii) aftermarket parts, and (iii) warranty claims on emissions related components. The Company promptly submitted written responses to the EPA's inquiry and engaged in discussions with the EPA. It is possible that a result of the EPA's investigation will be some form of enforcement action by the EPA that will seek a fine or other relief. However, at this time the Company does not know and cannot reasonably estimate the impact of any remedies the EPA might seek.

York Environmental Matters:

The Company is involved with government agencies and groups of potentially responsible parties in various environmental matters, including a matter involving the cleanup of soil and groundwater contamination at its York, Pennsylvania facility. The York facility was formerly used by the U.S. Navy and AMF prior to the purchase of the York facility by the Company from AMF in 1981. Although the Company is not certain as to the full extent of the environmental contamination at the York facility, it has been working with the Pennsylvania Department of Environmental Protection (PADEP) since 1986 in undertaking environmental investigation and remediation activities, including an ongoing site-wide remedial investigation/feasibility study (RI/FS). In January 1995, the Company entered into a settlement agreement (the Agreement) with the Navy. The Agreement calls for the Navy and the Company to contribute amounts into a trust equal to 53% and 47%, respectively, of future costs associated with environmental investigation and remediation activities at the York facility (Response Costs). The trust administers the payment of the Response Costs incurred at the York facility as covered by the Agreement.

In February 2002, the Company was advised by the EPA that it considers some of the Company's remediation activities at the York facility to be subject to the EPA's corrective action program under the Resource Conservation and Recovery Act (RCRA) and offered the Company the option of addressing corrective action under a RCRA facility lead agreement. In July 2005, the York facility was designated as the first site in Pennsylvania to be addressed under the "One Cleanup Program." The program provides a more streamlined and efficient oversight of voluntary remediation by both PADEP and EPA and will be carried out consistent with the Agreement with the Navy. As a result, the RCRA facility lead agreement has been superseded.

The Company estimates that its share of the future Response Costs at the York facility will be approximately $3.2 million and has established a reserve for this amount which is included in accrued liabilities in the Condensed Consolidated Balance Sheets. As noted above, the RI/FS is still underway and given the uncertainty that exists concerning the nature and scope of additional environmental investigation and remediation that may ultimately be required under the RI/FS or otherwise at the York facility, the Company is unable to make a reasonable estimate of those additional costs, if any, that may result.

The estimate of the Company's future Response Costs that will be incurred at the York facility is based on reports of independent environmental consultants retained by the Company, the actual costs incurred to date and the estimated costs to complete the necessary investigation and remediation activities. Response Costs related to the remediation of soil are expected to be incurred primarily over a period of several years ending in 2015. Response Costs related to ground water remediation may continue for some time beyond 2015.

Product Liability Matters:

The Company is involved in product liability suits related to the operation of its business. The Company accrues for claim exposures that are probable of occurrence and can be reasonably estimated. The Company also maintains insurance coverage for product liability exposures. The Company believes that its accruals and insurance coverage are adequate and that product liability will not have a material adverse effect on the Company's consolidated financial statements.

17. Capital Stock

Common Stock:

The Company is authorized to issue 800,000,000 shares of common stock of $0.01 par value. There were 226.1 million and 230.5 million common shares outstanding as of December 31, 2012 and 2011, respectively.
During 2012, the Company repurchased 6.7 million shares of its common stock at a weighted-average price of $46. This includes shares of common stock that were repurchased from employees that surrendered stock to satisfy withholding taxes in

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connection with the vesting of restricted stock awards. The remaining repurchases were made pursuant to the following authorizations (in millions of shares):

	Shares Repurchased			Authorization Remaining
Board of Directors' Authorization	2012	2011	2010	at December 31, 2012
1997 Authorization	4.3	6.2	0.1	—
2007 Authorization	2.2	—	—	14.5
Total	6.5	6.2	0.1	14.5

1997 Authorization – The Company has an authorization from its Board of Directors (originally adopted December 1997) to repurchase shares of its outstanding common stock under which the cumulative number of shares repurchased, at the time of any repurchase, shall not exceed the sum of (1) the number of shares issued in connection with the exercise of stock options occurring on or after January 1, 2004, plus (2) 1% of the issued and outstanding common stock of the Company on January 1 of the current year, adjusted for any stock split. There were no shares available under this authorization at December 31, 2012.

2007 Authorization – In December 2007, the Company's Board of Directors separately authorized the Company to buy back up to 20.0 million shares of its common stock with no dollar limit or expiration date. There are 14.5 million shares remaining under this authorization at December 31, 2012.

Preferred Stock:

The Company is authorized to issue 2,000,000 shares of preferred stock of $1.00 par value, none of which is outstanding.

18. Share-Based Awards

The Company has a share-based compensation plan which was approved by its Shareholders in April 2009 (Plan) under which the Board of Directors may grant to employees share-based awards including nonqualified stock options, stock appreciation rights (SARs), shares of restricted stock and restricted stock units (RSUs). The options and SARs granted under the Plan have an exercise price equal to the fair market value of the underlying stock at the date of grant and, prior to 2010, generally vested ratably over a four-year period with the first 25% becoming exercisable one year after the date of grant. Beginning with awards granted in 2010, options and SARs granted under the Plan will vest ratably over a three-year period with the first one-third of the grant becoming exercisable one year after the date of grant. The options and SARs expire 10 years from the date of grant. Shares of restricted stock and RSUs that were issued under the Plan prior to 2010 generally vested over periods ranging from 2 to 5 years with certain of the shares and RSUs subject to accelerated vesting should the Company meet certain performance conditions. Beginning with awards granted in 2010, shares of restricted stock and RSUs granted under the Plan vest ratably over a three-year period with the first one-third of the grant vesting one year after the date of grant. Dividends are paid on shares of restricted stock and dividend equivalents are paid on RSUs. At December 31, 2012, there were 12.1 million shares of common stock available for future awards under the Plan.

Stock Options:

The Company estimates the grant date fair value of its option awards granted using a lattice-based option valuation model. The Company believes that the lattice-based option valuation model provides a more precise estimate of fair value than the Black-Scholes option pricing model. Lattice-based option valuation models utilize ranges of assumptions over the expected term of the options. The Company uses a weighted-average of implied and historical volatility to determine the expected volatility of its stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the average period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Assumptions used in calculating the lattice-based fair value of options granted during 2012, 2011 and 2010 were as follows:

	2012	2011	2010
Expected average term (in years)	6.3	6.5	6.9
Expected volatility	32% - 50%	39% - 52%	42% - 60%
Weighted average volatility	41%	43%	48%
Expected dividend yield	1.1%	1.0%	1.8%
Risk-free interest rate	0.1% - 2.1%	0.1% - 3.7%	0.1% - 3.7%

The following table summarizes the stock option transactions for the year ended December 31, 2012 (in thousands except for per share amounts):

	Options	Weighted-Average Price
Options outstanding, beginning of period	6,311	$37
Options granted	480	$45
Options exercised	(1,666)	$28
Options forfeited	(665)	$52
Options outstanding, end of period	4,460	$38
Exercisable, end of period	3,065	$42

The weighted-average fair value of options granted during the years ended December 31, 2012, 2011 and 2010 was $14, $15 and $8, respectively.

As of December 31, 2012, there was $2.3 million of unrecognized compensation cost related to stock options that is expected to be recognized over a weighted-average period of 1.5 years.

The following table summarizes the aggregate intrinsic value related to options outstanding, exercisable and exercised as of and for the years ended December 31 (in thousands):

	2012	2011	2010
Exercised	$34,443	$7,919	$12,710
Outstanding	$60,963	$55,701	$53,249
Exercisable	$35,873	$22,926	$8,545

The Company's policy is to issue new shares of common stock upon the exercise of employee stock options. The Company has a continuing authorization from its Board of Directors to repurchase shares to offset dilution caused by the exercise of stock options which is discussed in Note 17.

Stock options outstanding at December 31, 2012 (options in thousands):

Price Range	Weighted-Average Contractual Life	Options	Weighted-Average Exercise Price
$10.01 to $20	6.0	910	$13
$20.01 to $30	6.9	695	$23
$30.01 to $40	4.7	503	$39
$40.01 to $50	8.0	910	$43
$50.01 to $60	1.6	706	$52
$60.01 to $70	2.5	736	$65
Options outstanding	5.1	4,460	$38
Options exercisable	7.6	3,065	$42

Stock Appreciation Rights (SARs)

SARs vest under the same terms and conditions as options; however, they are settled in cash equal to their settlement date fair value. As a result, SARs are recorded in the Company's consolidated balance sheets as a liability until the date of exercise.

The fair value of each SAR award is estimated using a lattice-based valuation model. In accordance with ASC Topic 718, "Stock Compensation", the fair value of each SAR award is recalculated at the end of each reporting period and the liability and expense adjusted based on the new fair value and the percent vested.

The assumptions used to determine the fair value of the SAR awards at December 31, 2012 and 2011 were as follows:

	2012	2011
Expected average term (in years)	1.3 - 5.6	2.2 - 6.2
Expected volatility	31% - 45%	40% - 49%
Expected dividend yield	1.3 %	1.0 %
Risk-free interest rate	.1% - 1.8%	0.1% - 2.2%

The following table summarizes the SAR transactions for the year ended December 31, 2012 (in thousands except for per share amounts):

	SARs	Weighted-Average Price
Outstanding, beginning of period	273	$21
Granted	21	$45
Exercised	(40)	$22
Forfeited	(1)	$22
Outstanding, end of period	253	$23
Exercisable, end of period	160	$22

The weighted-average fair value of SARs granted during the years ended December 31, 2012, 2011 and 2010 was $14, $15 and $8, respectively.

Restricted (Nonvested) Stock:

The fair value of restricted stock is determined based on the market price of the Company's shares on the grant date.

The following table summarizes the restricted stock transactions for the year ended December 31, 2012 (in thousands except for per share amounts):

	Restricted Shares	Grant Date Fair Value Per Share
Nonvested, beginning of period	1,941	$26
Granted	521	$45
Vested	(687)	$32
Forfeited	(83)	$29
Nonvested, end of period	1,692	$29

As of December 31, 2012, there was $24.4 million of unrecognized compensation cost related to restricted stock that is expected to be recognized over a weighted-average period of 1.4 years.

Restricted Stock Units (RSUs)

Restricted stock units vest under the same terms and conditions as restricted stock; however, they are settled in cash equal to their settlement date fair value. As a result, RSUs are recorded in the Company's consolidated balance sheets as a liability until the date of vesting.

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The fair value of RSUs is determined based on the market price of the Company's shares on the grant date. The following table summarizes the RSU transactions for the year ended December 31, 2012 (in thousands except for per share amounts):

	Restricted Stock Unit	Weighted-Average Grant Date Fair Value Per Share
Nonvested, beginning of period	245	$47
Granted	80	$48
Vested	(81)	$46
Forfeited	(2)	$48
Nonvested, end of period	242	$47

19. Earnings Per Share

The Company has a share-based compensation plan under which employees may be granted share-based awards including shares of restricted stock and restricted stock units (RSUs). Non-forfeitable dividends are paid on unvested shares of restricted stock and non-forfeitable dividend equivalents are paid on unvested RSUs. As such, shares of restricted stock and RSUs are considered participating securities under the two-class method of calculating earnings per share as described in ASC Topic 260, "Earnings per Share." The two-class method of calculating earnings per share did not have a material impact on the Company's earnings per share calculation as of December 31, 2012, 2011 and 2010.

The following table sets forth the computation of basic and diluted earnings per share from continuing operations for the years ended December 31 (in thousands except per share amounts):

	2012	2011	2010
Numerator:			
Income from continuing operations used in computing basic and diluted earnings per share	$623,925	$548,078	$259,669
Denominator:			
Denominator for basic earnings per share-weighted-average common shares	227,119	232,889	233,312
Effect of dilutive securities – employee stock compensation plan	2,110	2,029	1,475
Denominator for diluted earnings per share- adjusted weighted-average shares outstanding	229,229	234,918	234,787
Earnings per common share from continuing operations:			
Basic	$2.75	$2.35	$1.11
Diluted	$2.72	$2.33	$1.11

Options to purchase 2.1 million, 3.8 million and 4.2 million weighted-average shares of common stock outstanding during 2012, 2011 and 2010, respectively, were not included in the Company's computation of dilutive securities because the exercise price was greater than the market price and therefore the effect would have been anti-dilutive.

20. Business Segments and Geographic Information

Business Segments:

The Company operates in two business segments: Motorcycles and Financial Services. The Company's reportable segments are strategic business units that offer different products and services. They are managed separately based on the fundamental differences in their operations.

The Motorcycles segment designs, manufactures and sells at wholesale heavyweight (engine displacement of 651+cc) cruiser and touring motorcycles as well as a line of motorcycle parts, accessories, general merchandise and related services.

The Financial Services segment provides wholesale and retail financing and provides insurance and insurance-related programs primarily to Harley-Davidson dealers and their retail customers. HDFS conducts business principally in the United States and Canada.

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Information by segment is set forth below for the years ended December 31 (in thousands):

	2012	2011	2010
Motorcycles net revenue	$4,942,582	$4,662,264	$4,176,627
Gross profit	1,720,188	1,555,976	1,427,403
Selling, administrative and engineering expense	976,224	926,808	885,137
Restructuring expense and other impairments	28,475	67,992	163,508
Operating income from Motorcycles	$715,489	$561,176	$378,758
Financial services revenue	$637,924	$649,449	$682,709
Financial services expense	353,237	380,658	500,836
Operating income from Financial Services	$284,687	$268,791	$181,873

Financial Services revenue includes $11.5 million, $10.5 million and $9.2 million of interest that HDMC paid to HDFS on wholesale finance receivables in 2012, 2011 and 2010, respectively. This interest was paid on behalf of HDMC's independent dealers as a way to enable dealers to manage seasonal increases in inventory. The offsetting cost of these interest incentives was recorded as a reduction to Motorcycles revenue.
Information by industry segment is set forth below as of December 31 (in thousands):

	Motorcycles	Financial Services	Consolidated
2012			
Total assets	$2,751,018	$6,419,755	$9,170,773
Depreciation	$162,659	$6,319	$168,978
Capital expenditures	$180,416	$8,586	$189,002
2011			
Total assets	$2,959,333	$6,714,831	$9,674,164
Depreciation	$173,959	$6,449	$180,408
Capital expenditures	$179,988	$9,047	$189,035
2010			
Total assets	$2,701,965	$6,728,775	$9,430,740
Depreciation	$248,246	$6,925	$255,171
Capital expenditures	$167,730	$3,115	$170,845

Geographic Information:
Included in the consolidated financial statements are the following amounts relating to geographic locations for the years ended December 31 (in thousands):

	2012	2011	2010
Revenue from Motorcycles[(a)]:			
United States	$3,363,640	$3,155,608	$2,818,032
Europe	710,861	781,432	699,492
Japan	244,907	229,427	234,247
Canada	186,550	154,314	157,606
Australia	186,674	141,392	136,172
Other foreign countries	249,950	200,091	131,078
	$4,942,582	$4,662,264	$4,176,627
Revenue from Financial Services[(a)]:			
United States	$607,909	$619,214	$652,849
Europe	5,483	4,471	3,497
Canada	24,532	25,764	26,363
	$637,924	$649,449	$682,709
Long-lived assets[(b)]:			
United States	$825,509	$822,089	$842,461
International	56,143	59,571	62,192
	$881,652	$881,660	$904,653

(a) Revenue is attributed to geographic regions based on location of customer.
(b) Long-lived assets include all long-term assets except those specifically excluded under ASC Topic 280, “Segment Reporting,” such as deferred income taxes and finance receivables.

21. Related Party Transactions

The Company has the following material related party transactions. A director of the Company is Chairman and Chief Executive Officer and an equity owner of Fred Deeley Imports Ltd. (Deeley Imports), the exclusive distributor of the Company’s motorcycles in Canada. The Company recorded motorcycles and related products revenue and financial services revenue from Deeley Imports during 2012, 2011 and 2010 of $187.1 million, $155.2 million and $158.7 million, respectively, and had finance receivables balances due from Deeley Imports of $9.2 million, $14.5 million and $21.0 million at December 31, 2012, 2011 and 2010, respectively. All such products were provided in the ordinary course of business at prices and on terms and conditions that the Company believes are the same as those that would result from arm’s-length negotiations between unrelated parties.

22. Supplemental Consolidating Data

The supplemental consolidating data for the periods noted is presented for informational purposes. The supplemental consolidating data may be different than segment information presented elsewhere due to the allocation of intercompany eliminations to reporting segments. All supplemental data is presented in thousands.

	Year Ended December 31, 2012			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations	Consolidated
Revenue:				
Motorcycles and related products	$4,952,748	$—	$(10,166)	$4,942,582
Financial services	—	639,482	(1,558)	637,924
Total revenue	4,952,748	639,482	(11,724)	5,580,506
Costs and expenses:				
Motorcycles and related products cost of goods sold	3,222,394	—	—	3,222,394
Financial services interest expense	—	195,990	—	195,990
Financial services provision for credit losses	—	22,239	—	22,239
Selling, administrative and engineering expense	977,782	145,174	(11,724)	1,111,232
Restructuring expense	28,475	—	—	28,475
Total costs and expenses	4,228,651	363,403	(11,724)	4,580,330
Operating income	724,097	276,079	—	1,000,176
Investment income	232,369	—	(225,000)	7,369
Interest expense	46,033	—	—	46,033
Income before provision for income taxes	910,433	276,079	(225,000)	961,512
Provision for income taxes	233,385	104,202	—	337,587
Income from continuing operations	677,048	171,877	(225,000)	623,925
Income from discontinued operations, net of tax	—	—	—	—
Net income	$677,048	$171,877	$(225,000)	$623,925

	Year Ended December 31, 2011			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations	Consolidated
Revenue:				
Motorcycles and related products	$4,671,942	$—	$(9,678)	$4,662,264
Financial services	—	649,474	(25)	649,449
Total revenue	4,671,942	649,474	(9,703)	5,311,713
Costs and expenses:				
Motorcycles and related products cost of goods sold	3,106,288	—	—	3,106,288
Financial services interest expense	—	229,492	—	229,492
Financial services provision for credit losses	—	17,031	—	17,031
Selling, administrative and engineering expense	926,832	143,814	(9,703)	1,060,943
Restructuring expense	67,992	—	—	67,992
Total costs and expenses	4,101,112	390,337	(9,703)	4,481,746
Operating income	570,830	259,137	—	829,967
Investment income	132,963	—	(125,000)	7,963
Interest expense	45,266	—	—	45,266

Income before provision for income taxes	658,527	259,137	(125,000)	792,664
Provision for income taxes	150,756	93,830	—	244,586
Income from continuing operations	507,771	165,307	(125,000)	548,078
Income from discontinued operations, net of tax	51,036	—	—	51,036
Net income	$558,807	$165,307	$(125,000)	$599,114

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	Year Ended December 31, 2010			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations	Consolidated
Revenue:				
Motorcycles and related products	$4,176,627	$—	$—	$4,176,627
Financial services	—	683,329	(620)	682,709
Total revenue	4,176,627	683,329	(620)	4,859,336
Costs and expenses:				
Motorcycles and related products cost of goods sold	2,749,224	—	—	2,749,224
Financial services interest expense	—	272,484	—	272,484
Financial services provision for credit losses	—	93,118	—	93,118
Selling, administrative and engineering expense	881,888	139,103	(620)	1,020,371
Restructuring expense	163,508	—	—	163,508
Total costs and expenses	3,794,620	504,705	(620)	4,298,705
Operating income	382,007	178,624	—	560,631
Investment income	5,442	—	—	5,442
Interest expense	90,357	—	—	90,357
Loss on debt extinguishment	85,247	—	—	85,247
Income before provision for income taxes	211,845	178,624	—	390,469
Provision for income taxes	66,495	64,305	—	130,800
Income from continuing operations	145,350	114,319	—	259,669
Loss from discontinued operations, net of tax	(113,124)	—	—	(113,124)
Net income	$32,226	$114,319	$—	$146,545

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	December 31, 2012			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$727,716	$340,422	$—	$1,068,138
Marketable securities	135,634	—	—	135,634
Accounts receivable, net	781,642	—	(551,563)	230,079
Finance receivables, net	—	1,743,045	—	1,743,045
Inventories	393,524	—	—	393,524
Restricted cash	—	188,008	—	188,008
Deferred income taxes	84,486	26,367	—	110,853
Other current assets	146,419	31,242	3,994	181,655
Total current assets	2,269,421	2,329,084	(547,569)	4,050,936
Finance receivables, net	—	4,038,807	—	4,038,807
Property, plant and equipment, net	783,068	32,396	—	815,464
Goodwill	29,530	—	—	29,530
Deferred income taxes	175,839	—	(3,994)	171,845
Other long-term assets	116,925	19,468	(72,202)	64,191
	$3,374,783	$6,419,755	$(623,765)	$9,170,773
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$221,064	$587,885	$(551,563)	$257,386
Accrued liabilities	439,144	74,447	—	513,591
Short-term debt	—	294,943	—	294,943
Current portion of long-term debt	—	437,162	—	437,162
Total current liabilities	660,208	1,394,437	(551,563)	1,503,082
Long-term debt	303,000	4,067,544	—	4,370,544
Pension liability	330,294	—	—	330,294
Postretirement healthcare liability	278,062	—	—	278,062
Other long-term liabilities	114,476	16,691	—	131,167
Commitments and contingencies (Note 16)				
Total shareholders' equity	1,688,743	941,083	(72,202)	2,557,624
	$3,374,783	$6,419,755	$(623,765)	$9,170,773

	December 31, 2011			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$943,330	$583,620	$—	$1,526,950
Marketable securities	153,380	—	—	153,380
Accounts receivable, net	393,615	—	(174,576)	219,039
Finance receivables, net	—	1,760,467	—	1,760,467
Inventories	418,006	—	—	418,006
Restricted cash	—	229,655	—	229,655
Deferred income taxes	96,120	36,211	—	132,331
Other current assets	71,303	31,075	—	102,378
Total current assets	2,075,754	2,641,028	(174,576)	4,542,206
Finance receivables, net	—	4,026,214	—	4,026,214
Property, plant and equipment, net	779,330	30,129	—	809,459
Goodwill	29,081	—	—	29,081
Deferred income taxes	203,605	2,538	(3,704)	202,439
Other long-term assets	118,774	14,922	(68,931)	64,765
	$3,206,544	$6,714,831	$(247,211)	$9,674,164
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	220,957	209,332	(174,576)	255,713
Accrued liabilities	482,838	85,038	(3,704)	564,172
Short-term debt	—	838,486	—	838,486
Current portion of long-term debt	—	1,040,247		1,040,247
Total current liabilities	703,795	2,173,103	(178,280)	2,698,618
Long-term debt	303,000	3,540,886	—	3,843,886
Pension liability	302,483	—	—	302,483
Postretirement healthcare liability	268,582	—	—	268,582
Other long-term liabilities	126,036	14,303	—	140,339
Commitments and contingencies (Note 16)				
Total shareholders' equity	1,502,648	986,539	(68,931)	2,420,256
	3,206,544	6,714,831	(247,211)	9,674,164

	Year Ended December 31, 2012			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations & Adjustments	Consolidated
Cash flows from operating activities:				
Income from continuing operations	$677,048	$171,877	$(225,000)	$623,925
Adjustments to reconcile income from continuing operations to cash provided by operating activities:				
Depreciation	162,659	6,319	—	168,978
Amortization of deferred loan origination costs	—	78,592	—	78,592
Amortization of financing origination fees	473	9,496	—	9,969
Provision for employee long-term benefits	67,612	3,735	—	71,347
Contributions to pension and postretirement plans	(244,416)	—	—	(244,416)
Stock compensation expense	37,544	3,271	—	40,815
Net change in wholesale finance receivables	—	—	2,513	2,513
Provision for credit losses	—	22,239	—	22,239
Loss on debt extinguishment	—	4,323	—	4,323
Pension and postretirement healthcare plan curtailment and settlement expense	6,242	—	—	6,242
Deferred income taxes	117,772	10,680	—	128,452
Foreign currency adjustments	9,773	—	—	9,773
Other, net	(2,290)	(4,926)	—	(7,216)
Change in current assets and current liabilities:				
Accounts receivable	9,323	—	(23,013)	(13,690)
Finance receivables—accrued interest and other	—	(4)	—	(4)
Inventories	21,459	—	—	21,459
Accounts payable and accrued liabilities	(6,368)	(27,443)	23,013	(10,798)
Restructuring reserves	(16,087)	—	—	(16,087)
Derivative instruments	2,906	(148)	—	2,758
Prepaid and other	(95,162)	(2,554)	—	(97,716)
Total adjustments	71,440	103,580	2,513	177,533
Net cash provided by operating activities of continuing operations	748,488	275,457	(222,487)	801,458
Cash flows from investing activities of continuing operations:				
Capital expenditures	(180,416)	(8,586)	—	(189,002)
Origination of finance receivables	—	(6,544,828)	3,686,127	(2,858,701)
Collections of finance receivables	—	6,456,729	(3,688,640)	2,768,089
Purchases of marketable securities	(4,993)	—	—	(4,993)
Sales and redemptions of marketable securities	23,296	—	—	23,296
Net cash (used by) provided by investing activities of continuing operations	(162,113)	(96,685)	(2,513)	(261,311)
Cash flows from financing activities of continuing operations:				
Proceeds from issuance of medium-term notes	—	993,737	—	993,737
Repayments of medium-term notes	—	(420,870)	—	(420,870)
Intercompany borrowing activity	(400,000)	400,000	—	—

Proceeds from securitization debt	—	763,895	—	763,895
Repayments of securitization debt	—	(1,405,599)	—	(1,405,599)
Borrowings of asset-backed commercial paper	—	200,417	—	200,417
Repayments of asset-backed commercial paper	—	(24,301)	—	(24,301)
Net (decrease) increase in credit facilities and unsecured commercial paper	—	(744,724)	—	(744,724)
Net change in restricted cash	—	41,647	—	41,647
Dividends	(141,681)	(225,000)	225,000	(141,681)
Purchase of common stock for treasury	(311,632)	—	—	(311,632)
Excess tax benefits from share-based payments	13,065	—	—	13,065
Issuance of common stock under employee stock option plans	45,973	—	—	45,973

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Net cash used by financing activities of continuing operations	(794,275)	(420,798)	225,000	(990,073)
Effect of exchange rate changes on cash and cash equivalents of continuing operations	(7,714)	(1,172)	—	(8,886)
Net (decrease) increase in cash and cash equivalents of continuing operations	(215,614)	(243,198)	—	(458,812)
Cash flows from discontinued operations:				
Cash flows from operating activities of discontinued operations	—	—	—	—
Cash flows from investing activities of discontinued operations	—	—	—	—
Effect of exchange rate changes on cash and cash equivalents of discontinued operations	—	—	—	—
	—	—	—	—
Net (decrease) increase in cash and cash equivalents	$(215,614)	$(243,198)	$—	$(458,812)
Cash and cash equivalents:				
Cash and cash equivalents—beginning of period	$943,330	$583,620	$—	$1,526,950
Cash and cash equivalents of discontinued operations—beginning of period	—	—	—	—
Net (decrease) increase in cash and cash equivalents	(215,614)	(243,198)	—	(458,812)
Less: Cash and cash equivalents of discontinued operations—end of period	—	—	—	—
Cash and cash equivalents—end of period	$727,716	$340,422	$—	$1,068,138

	Year Ended December 31, 2011			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations & Adjustments	Consolidated
Cash flows from operating activities:				
Net income	$558,807	$165,307	$(125,000)	$599,114
Income from discontinued operations	51,036	—	—	51,036
Income from continuing operations	507,771	165,307	(125,000)	548,078
Adjustments to reconcile income from continuing operations to cash provided by operating activities:				
Depreciation	173,959	6,449	—	180,408
Amortization of deferred loan origination costs	—	78,695	—	78,695
Amortization of financing origination fees	473	10,317	—	10,790
Provision for employee long-term benefits	55,942	3,499	—	59,441
Contributions to pension and postretirement plans	(219,695)	—	—	(219,695)
Stock compensation expense	35,404	2,788	—	38,192
Net change in wholesale finance receivables	—	—	(2,335)	(2,335)
Provision for credit losses	—	17,031	—	17,031
Loss on debt extinguishment	—	9,608	—	9,608
Pension and postretirement healthcare plan curtailment and settlement expense	236	—	—	236
Deferred income taxes	71,555	16,318	—	87,873
Foreign currency adjustments	10,678	—	—	10,678

Other, net	(16,650)	843	—	(15,807)
Change in current assets and current liabilities:				
Accounts receivable	60,403	—	(17,353)	43,050
Finance receivables – accrued interest and other	—	5,027	—	5,027
Inventories	(94,957)	—	—	(94,957)
Accounts payable and accrued liabilities	81,670	(25,989)	64,610	120,291
Restructuring reserves	8,072	—	—	8,072
Derivative instruments	(2,519)	31	—	(2,488)
Prepaid and other	1,154	49,524	(47,575)	3,103
Total adjustments	165,725	174,141	(2,653)	337,213
Net cash provided by operating activities of continuing operations	673,496	339,448	(127,653)	885,291
Cash flows from investing activities of continuing operations:				
Capital expenditures	(179,988)	(9,047)	—	(189,035)
Origination of finance receivables	—	(6,056,242)	3,434,218	(2,622,024)
Collections of finance receivables	—	6,191,932	(3,431,883)	2,760,049
Purchases of marketable securities	(142,653)	—	—	(142,653)

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Sales and redemptions of marketable securities	130,121	—	—	130,121
Net cash (used by) provided by investing activities of continuing operations	(192,520)	126,643	2,335	(63,542)
Cash flows from financing activities of continuing operations:				
Proceeds from issuance medium-term notes	—	447,076	—	447,076
Repayments of medium-term notes	—	(59,211)	—	(59,211)
Proceeds from securitization debt	—	1,082,599	—	1,082,599
Repayments of securitization debt	—	(1,754,568)	—	(1,754,568)
Net increase in credit facilities and unsecured commercial paper	—	237,827	—	237,827
Repayments of asset-backed commercial paper	—	(483)	—	(483)
Net change in restricted cash	—	59,232	—	59,232
Dividends paid	(111,011)	(125,000)	125,000	(111,011)
Purchase of common stock for treasury, net of issuances	(224,548)	—	—	(224,548)
Excess tax benefits from share based payments	6,303	—	—	6,303
Issuance of common stock under employee stock option plans	7,840	—	—	7,840
Net cash used by financing activities of continuing operations	(321,416)	(112,528)	125,000	(308,944)
Effect of exchange rate changes on cash and cash equivalents of continuing operations	(8,021)	(85)	318	(7,788)
Net decrease in cash and cash equivalents of continuing operations	151,539	353,478	—	505,017
Cash flows from discontinued operations:				
Cash flows from operating activities of discontinued operations	—	—	—	—
Cash flows from investing activities of discontinued operations	—	—	—	—
Effect of exchange rate changes on cash and cash equivalents of discontinued operations	—	—	—	—
	—	—	—	—
Net increase in cash and cash equivalents	$151,539	$353,478	$—	$505,017
Cash and cash equivalents:				
Cash and cash equivalents – beginning of period	$791,791	$230,142	$—	$1,021,933
Cash and cash equivalents of discontinued operations – beginning of period	—	—	—	—
Net decrease in cash and cash equivalents	151,539	353,478	—	505,017
Less: Cash and cash equivalents of discontinued operations – end of period	—	—	—	—
Cash and cash equivalents – end of period	$943,330	$583,620	$—	$1,526,950

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	Year ended December 31, 2010			
	Motorcycles & Related Products Operations	Financial Services Operations	Eliminations & Adjustments	Consolidated
Cash flows from operating activities:				
Net income	$32,226	$114,319	$—	$146,545
Loss from discontinued operations	(113,124)	—	—	(113,124)
Income from continuing operations	145,350	114,319	—	259,669
Adjustments to reconcile income from continuing operations to cash provided by operating activities:				
Depreciation	248,246	6,925	—	255,171
Amortization of deferred loan origination costs	—	87,223	—	87,223
Amortization of financing origination fees	878	18,740	—	19,618
Provision for employee long-term benefits	78,812	818	—	79,630
Contributions to pension and postretirement plans	(39,391)	—	—	(39,391)
Stock compensation expense	28,105	2,326	—	30,431
Net change in wholesale finance receivables	—	—	81,527	81,527
Provision for credit losses	—	93,118	—	93,118
Loss on debt extinguishment	85,247	—	—	85,247
Pension and postretirement healthcare plan curtailment and settlement expense	31,824	—	—	31,824
Deferred income taxes	(16,774)	(817)	—	(17,591)
Foreign currency adjustments	(21,480)	—	—	(21,480)
Other, net	13,178	(1,268)	—	11,910
Change in current assets and current liabilities:				
Accounts receivable	(101,462)	—	104,367	2,905
Finance receivables – accrued interest and other	—	10,083	—	10,083
Inventories	2,516	—	—	2,516
Accounts payable and accrued liabilities	196,155	170,832	(151,974)	215,013
Restructuring reserves	(32,258)	(219)	—	(32,477)
Derivative instruments	(813)	6,152	—	5,339
Prepaid and other	3,888	(48,330)	47,575	3,133
Total adjustments	476,671	345,583	81,495	903,749
Net cash provided by operating activities of continuing operations	622,021	459,902	81,495	1,163,418
Cash flows from investing activities of continuing operations:				
Capital expenditures	(167,730)	(3,115)	—	(170,845)
Origination of finance receivables	—	(5,319,738)	3,067,206	(2,252,532)
Collections of finance receivables	—	5,817,695	(3,148,733)	2,668,962
Purchases of marketable securities	(184,365)	—	—	(184,365)
Sales and redemptions of marketable securities	84,217	—	—	84,217
Net cash (used by) provided by investing activities of continuing operations	(267,878)	494,842	(81,527)	145,437
Cash flows from financing activities of continuing operations:				
Repayment of medium-term notes	—	(200,000)	—	(200,000)

Repayment of senior unsecured notes	(380,757)	—	—	(380,757)
Proceeds from securitization debt	—	598,187	—	598,187
Repayments of securitization debt	—	(1,896,665)	—	(1,896,665)
Net (decrease)/increase in credit facilities and unsecured commercial paper	(178,292)	208,867	—	30,575
Repayments of asset-backed commercial paper	—	(845)	—	(845)
Net change in restricted cash	—	77,654	—	77,654
Dividends paid	(94,145)	—	—	(94,145)
Purchase of common stock for treasury, net of issuances	(1,706)	—	—	(1,706)

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Excess tax benefits from share based payments	3,767	—	—	3,767
Issuance of common stock under employee stock option plans	7,845	—	—	7,845
Net cash used by financing activities of continuing operations	(643,288)	(1,212,802)	—	(1,856,090)
Effect of exchange rate changes on cash and cash equivalents of continuing operations	5,279	(371)	32	4,940
Net decrease in cash and cash equivalents of continuing operations	(283,866)	(258,429)	—	(542,295)
Cash flows from discontinued operations:				
Cash flows from operating activities of discontinued operations	(71,073)	—	—	(71,073)
Cash flows from investing activities of discontinued operations	—	—	—	—
Effect of exchange rate changes on cash and cash equivalents of discontinued operations	(1,195)	—	—	(1,195)
	(72,268)	—	—	(72,268)
Net decrease in cash and cash equivalents	$(356,134)	$(258,429)	$—	$(614,563)
Cash and cash equivalents:				
Cash and cash equivalents – beginning of period	$1,141,862	$488,571	$—	$1,630,433
Cash and cash equivalents of discontinued operations – beginning of period	6,063	—	—	6,063
Net decrease in cash and cash equivalents	(356,134)	(258,429)	—	(614,563)
Less: Cash and cash equivalents of discontinued operations – end of period	—	—	—	—
Cash and cash equivalents – end of period	$791,791	$230,142	$—	$1,021,933

SUPPLEMENTARY DATA
Quarterly financial data (unaudited)
(In millions, except per share data)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	April 1, 2012	Mar 27, 2011	July 1, 2012	June 26, 2011	Sep 30, 2012	Sep 25, 2011	Dec 31, 2012	Dec 31, 2011
Motorcycles:								
Revenue	$1,273.4	$1,063.0	$1,569.0	$1,339.7	$1,089.3	$1,232.7	$1,010.9	$1,026.8
Operating income[(a)]	$208.1	$125.1	$309.6	$219.8	$144.8	$180.7	$53.1	$35.6
Financial Services:								
Revenue	$156.3	$161.9	$160.6	$165.9	$161.0	$164.6	$160.0	$157.2
Operating income	$67.4	$67.9	$82.0	$82.1	$72.4	$62.0	$63.0	$56.8
Consolidated:								
Income before taxes	$265.9	$182.9	$382.1	$292.3	$207.1	$233.9	$106.4	$83.6
Income from continuing operations	$172.0	$119.3	$247.3	$190.6	$134.0	$183.6	$70.6	$54.6
Income from discontinued operations[(b)]	$—	$—	$—	$—	$—	$—	$—	$51.0
Net income	$172.0	$119.3	$247.3	$190.6	$134.0	$183.6	$70.6	$105.6
Earnings per common share from continuing operations:								
Basic	$0.75	$0.51	$1.08	$0.81	$0.59	$0.79	$0.31	$0.24
Diluted	$0.74	$0.51	$1.07	$0.81	$0.59	$0.78	$0.31	$0.24
Earnings per common share from discontinued operations:								
Basic	$—	$—	$—	$—	$—	$—	$—	$0.22
Diluted	$—	$—	$—	$—	$—	$—	$—	$0.22
Earnings per common share:								
Basic	$0.75	$0.51	$1.08	$0.81	$0.59	$0.79	$0.31	$0.46
Diluted	$0.74	$0.51	$1.07	$0.81	$0.59	$0.78	$0.31	$0.46

(a) Operating income for the Motorcycles segment includes restructuring expense as discussed in Note 4 for the following periods (in millions):

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	April 1, 2012	Mar 27, 2011	July 1, 2012	June 26, 2011	Sep 30, 2012	Sep 25, 2011	Dec 31, 2012	Dec 31, 2011
Restructuring expense	$11.5	$23.0	$6.2	$13.6	$9.2	$12.4	$1.6	$19.0

(b) Income from discontinued operations for the quarter ended December 31, 2011 includes a $51.0 million income tax benefit as discussed in Note 3.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. 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 Annual Report on Form 10-K, the Company’s management evaluated, with the participation of the Company’s Chairman, President and Chief Executive Officer and the Senior Vice President and 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 Chairman, President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K 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 Chairman, President and Chief Executive Officer and its Senior Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Management's Report on Internal Control over Financial Reporting

The report of management required under this Item 9A is contained in Item 8 of Part II of this Annual Report on Form 10-K under the heading "Management's Report on Internal Control over Financial Reporting."

Attestation Report of Independent Registered Public Accounting Firm

The attestation report required under this Item 9A is contained in Item 8 of Part II of this Annual Report on Form 10-K under the heading "Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting."

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information to be included in the Company’s definitive proxy statement for the 2013 annual meeting of shareholders, which will be filed on or about March 15, 2013 (the Proxy Statement), under the captions “Questions and Answers about the Company – Who are our executive officers for SEC purposes?,” “Corporate Governance Principles and Board Matters – Audit Committee,” “Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Audit Committee Report,” and “Independence of Directors” is incorporated by reference herein.

The Company has adopted the Harley-Davidson, Inc. Financial Code of Ethics applicable to the Company’s chief executive officer, the chief financial officer, the principal accounting officer and the controller and other persons performing similar finance functions. The Company has posted a copy of the Harley-Davidson, Inc. Financial Code of Ethics on the Company’s website at www.harley-davidson.com. The Company intends to satisfy the disclosure requirements under Item 5.05 of the Securities and Exchange Commission’s Current Report on Form 8-K regarding amendments to, or waivers from, the Harley-Davidson, Inc. Financial Code of Ethics by posting such information on its website at www.harley-davidson.com. The Company is not including the information contained on or available through its website as a part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information to be included in the Proxy Statement under the captions “Executive Compensation” and “Human Resources Committee Report on Executive Compensation” is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information to be included in the Proxy Statement under the caption “Common Stock Ownership of Certain Beneficial Owners and Management” is incorporated by reference herein.

The following table provides information about the Company’s equity compensation plans (including individual compensation arrangements) as of December 31, 2012:

Plan Category	Number of securities to be issued upon the exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by shareholders:			
Management employees	4,460,242	$38.37	12,114,072
Equity compensation plans not approved by shareholders:			
Union employees:			
Kansas City, MO	—	$—	26,718
York, PA	—	$—	96,770
Non employees:			
Board of Directors	—	$—	205,905
	—	$—	329,393

Total all plans	4,460,242	$38.37	12,566,953

Plan documents for each of the Company’s equity compensation plans have been filed with the Securities and Exchange Commission on a timely basis and are included in the list of exhibits to this annual report on Form 10-K. Equity compensation plans not submitted to shareholders for approval were adopted prior to current regulations requiring such approval and have not been materially altered since adoption.

The material features of the union employees' stock option awards are the same as those of the management employees' stock option awards. Under the Company's management and union plans, stock options have an exercise price equal to the fair market value of the underlying stock at the date of grant and expire ten years from the date of grant. Beginning with awards granted in 2010, stock options vest ratably over a three-year period with the first one-third of the grant becoming exercisable one year after the date of grant. Awards granted prior to 2010 generally vested ratably over a four-year period, with the first 25 percent becoming exercisable one year after the date of grant.

The Director Compensation Policy provides non-employee Directors with compensation that includes an annual retainer as well as a grant of share units. The payment of share units is deferred until a director ceases to serve as a director and the share units are payable at that time in actual shares of Common Stock. The Director Compensation Policy also provides that a non-employee Director may elect to receive 50% or 100% of the annual retainer to be paid in each calendar year in the form of Common Stock based upon the fair market value of the Common Stock at the time of the annual meeting of shareholders. Each Director must receive a minimum of one-half of his or her annual retainer in Common Stock until the Director reaches the Director stock ownership guidelines defined below.

In August 2002, the Board approved "Director and Senior Executive Stock Ownership Guidelines" (Ownership Guidelines) which were most recently revised in September 2012. The Ownership Guidelines stipulate that all Directors hold 15,000 shares of Common Stock and senior executives hold from 15,000 to 200,000 shares of the Common Stock depending on their level. The Directors and senior executives have five years from the date they are elected a Director or promoted to a senior executive to accumulate the appropriate number of shares of the Common Stock. Restricted stock, restricted stock units, shares held in 401(k) accounts, vested unexercised stock options and stock appreciation rights, and shares of common stock held directly count toward satisfying the guidelines.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information to be included in the Proxy Statement under the caption "Certain Transactions" and "Corporate Governance Principles and Board Matters – Independence of Directors" is incorporated by reference herein.

Item 14. Principal Accounting Fees and Services

The information to be included in the Proxy Statement under the caption "Ratification of Selection of Independent Registered Public Accounting Firm – Fees Paid to Ernst & Young LLP" is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statements
(a) The following documents are filed as part of this Form 10-K:

Reference is made to the separate Index to Exhibits contained on pages 118 through 121 filed herewith.
All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules.

Schedule II
HARLEY-DAVIDSON, INC.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 2012, 2011 and 2010
(In thousands)

	2012	2011	2010
Accounts receivable – allowance for doubtful accounts			
Balance at beginning of period	$4,952	$10,357	$11,409
Provision charged to expense	424	1,408	3,216
Reserve adjustments	(401)	(6,633)	(3,837)
Write-offs, net of recoveries	(21)	(180)	(431)
Balance at end of period	$4,954	$4,952	$10,357
Finance receivables – allowance for credit losses			
Balance at beginning of period	$125,449	$173,589	$150,082
Allowance related to newly consolidated finance receivables[a]	—	—	49,424
Provision for credit losses	22,239	17,031	93,118
Charge-offs, net of recoveries	(40,021)	(65,171)	(119,035)
Balance, end of period	$107,667	$125,449	$173,589
Inventories – allowance for obsolescence[b]			
Balance at beginning of period	$23,204	$34,180	$34,745
Provision charged to expense	9,489	4,885	17,142
Reserve adjustments	(696)	(466)	636
Write-offs, net of recoveries	(9,061)	(15,395)	(18,343)
Balance at end of period	$22,936	$23,204	$34,180
Deferred tax assets – valuation allowance			
Balance at beginning of period	$14,914	$27,048	$22,170
Adjustments	1,400	(12,134)	4,878
Balance at end of period	$16,314	$14,914	$27,048

(a) As part of the required consolidation of formerly off-balance sheet securitization trusts, the Company consolidated a $49.4 million allowance for credit losses related to the newly consolidated finance receivables.

(b) Inventory obsolescence reserves deducted from cost determined on first-in first-out (FIFO) basis, before deductions for last-in, first-out (LIFO) valuation reserves.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 22, 2013.

HARLEY-DAVIDSON, INC.

By:	/S/ Keith E. Wandell
	Keith E. Wandell
	Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 22, 2013.

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Name	Title
/S/ Keith E. Wandell Keith E. Wandell	Chairman, President and Chief Executive Officer (Principal executive officer)
/S/ John A. Olin John A. Olin	Senior Vice President and Chief Financial Officer (Principal financial officer)
/S/ Mark R. Kornetzke Mark R. Kornetzke	Chief Accounting Officer (Principal accounting officer)
/S/ Barry K. Allen Barry K. Allen	Director
/S/ R. John Anderson R. John Anderson	Director
/S/ Richard I. Beattie Richard I. Beattie	Presiding Director
/S/ Martha F. Brooks Martha F. Brooks	Director
/S/ Michael J. Cave Michael J. Cave	Director
/S/ George H. Conrades George H. Conrades	Director
/S/ Donald A. James Donald A. James	Director
/S/ Sara L. Levinson Sara L. Levinson	Director
/S/ N. Thomas Linebarger N. Thomas Linebarger	Director
/S/ George L. Miles, Jr. George L. Miles, Jr.	Director
/S/ James A. Norling James A. Norling	Director
/S/ Jochen Zeitz Jochen Zeitz	Director

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INDEX TO EXHIBITS
[Items 15(a)(3) and 15(c)]

Exhibit No	Description
3.1	Restated Articles of Incorporation as September 8, 2011 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated September 8, 2011 (File No. 1-9183))
3.2	Harley-Davidson, Inc. By-Laws, as amended through December 4, 2012
4.1	Indenture to provide for the issuance of indebtedness dated as of November 21, 2003 between Harley-Davidson Funding Corp., Issuer, Harley-Davidson Financial Services, Inc. and Harley-Davidson Credit Corp., Guarantors, to BNY Midwest Trust Company, Trustee (incorporated herein by reference to Exhibit 4.4 to the Registrant's Annual Report of Form 10-K for the year ended December 31, 2005 (File No. 1-9183))
4.2	4-Year Credit Agreement, dated as of April 28, 2011, among the Company, certain subsidiaries of the Company, the financial institutions parties thereto and JPMorgan Chase Bank, N.A., as global administrative agent (incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K dated April 28, 2011 (File No. 1-9183))
4.3	Amendment No. 1, dated as of April 13, 2012, among the Company, certain subsidiaries of the Company, the financial institutions parties thereto and JPMorgan Chase Bank, N.A., as global administrative agent, to 4-Year Credit Agreement dated as of April 28, 2011 among the Company, certain subsidiaries of the Company, the financial institutions parties thereto and JPMorgan Chase Bank, N.A., as global administrative agent (incorporated herein by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2012 (File No. 1-9183))
4.4	5-Year Credit Agreement, dated as of April 13, 2012 among the Company, certain subsidiaries of the Company, the financial institutions parties thereto and JPMorgan Chase Bank, N.A., as among other things, global administrative agent (incorporated herein by reference to Exhibit 4.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2012 (File No. 1-9183))
4.5	Amendment No. 1 to Loan and Servicing Agreement dated as of April 29, 2010 by and among certain subsidiaries of the Company, various institutions parties thereto as lenders and agents and JPMorgan Chase Bank, N.A. as, among other things, Program Agent (incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K dated April 29, 2010 (File No. 1-9183))
4.6	Amendment No. 2 to Loan and Servicing Agreement dated as of July 27, 2010 by and among certain subsidiaries of the Company, various institutions parties thereto as lenders and agents and JPMorgan Chase Bank, N.A. as, among other things, Program Agent (incorporated herein by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 27, 2010 (File No. 1-9183))
4.7	Amended and Restated Receivables Sale Agreement, dated as of April 30, 2009, by and between certain subsidiaries of the Company (incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K dated April 30, 2009, as amended on August 17, 2009 (File No. 1-9183))
4.8	Letter Agreement dated as of April 29, 2010 by and among certain subsidiaries of the Company, various institutions party thereto as lenders and agents and JPMorgan Chase Bank, N.A. as, among other things, and Administrative Agent, relating to Amendment No. 1 to Loan and Servicing Agreement (incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K dated April 29, 2010 (File No. 1-9183))
4.9	Trust Agreement dated as of April 15, 2009 between Harley-Davidson Customer Funding Corp. ("HDCFC") and Wilmington Trust Company (incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated May 12, 2009 (File No. 1-9183))
4.10	Indenture dated as of May 1, 2009 between the Harley-Davidson Motorcycle Trust 2009-1 (the "Trust") and The Bank of New York Mellon Trust Company, N.A. (the "Indenture Trustee") (incorporated herein

	by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated May 12, 2009 (File No. 1-9183))
4.11	Indenture, dated as of March 4, 2011, among Harley-Davidson Financial Services, Inc., Issuer, Harley-Davidson Credit Corp., Guarantor, and Bank of New York Mellon Trust Company, N.A., Trustee (incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated March 1, 2011 (File No. 1-9183))

Instruments relating to the Company's conduit facilities described in this report need not be filed herewith pursuant to Item 601(b)(4)(v) of Regulation S-K. The registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, with a copy of any such instrument.

INDEX TO EXHIBITS
[Items 15(a)(3) and 15(c)]

Exhibit No	Description
4.12	Officers' Certificate, dated March 4, 2011, pursuant to Sections 102 and 301 of the Indenture, dated March 4, 2011, with the forms of 3.875% Medium-Term Notes due 2016 (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated March 1, 2011 (File No. 1-9183))
4.13	Officers' Certificate, dated January 31, 2012, pursuant to Sections 102 and 301 of the Indenture, dated March 4, 2011, with the forms of 2.700% Medium-Term Notes due 2017 (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated January 26, 2012 (File No. 1-9183))
10.1*	Harley-Davidson, Inc. 1995 Stock Option Plan as amended through April 28, 2007 (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2007 (File No. 1-9183))
10.2	Harley-Davidson, Inc. 1998 Non-Exempt Employee Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-75347))
10.3	2001 York Hourly-Paid Employees Stock Option Plan (incorporated herein by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-9183))
10.4*	Harley-Davidson, Inc. 2004 Incentive Stock Plan as amended through April 28, 2007 (incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2007 (File No. 1-9183))
10.5*	Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Appendix A to the Company's definitive proxy statement on Schedule 14A for the Company's Annual Meeting of Shareholders held on April 25, 2009 filed on April 3, 2009 (File No. 1-9183))
10.6*	Amended and Restated Harley-Davidson, Inc. Director Stock Plan as amended and restated effective April 24, 2010 (incorporated herein by reference to Appendix C to the Company's definitive proxy statement on Schedule 14A for the Company's Annual Meeting of Shareholders held April 24, 2010 (File No. 1-9183))
10.7*	Director Compensation Policy effective April 28, 2012 (incorporated herein by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2012 (File No. 1-9183))
10.8*	Deferred Compensation Plan for Nonemployee Directors as amended and restated effective January 1, 2009 (incorporated herein by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 1-9183))
10.9*	Harley-Davidson Management Deferred Compensation Plan as amended and restated effective January 1, 2009 and further amended March 2, 2009 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2009 (File No. 1-9183))
10.10*	Harley-Davidson, Inc. Employee Incentive Plan (incorporated herein by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A for the Company's Annual Meeting of Shareholders held April 24, 2010 (File No. 1-9183))
10.11*	Harley-Davidson, Inc. Short-Term Incentive Plan for Senior Executives (incorporated herein by reference to Appendix D to the Company's definitive proxy statement on Schedule 14A for the Company's Annual Meeting of Shareholders held April 30, 2011 (File No. 1-9183))
10.12*	Harley-Davidson Pension Benefit Restoration Plan as amended and restated effective January 1, 2009 (incorporated herein by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 1-9183))
10.13*	

	Harley-Davidson Retiree Insurance Allowance Plan, effective January 1, 2009, together with amendments adopted through May 31, 2009 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 28, 2009 (File No. 1-9183))
10.14*	Form of Notice of Grant of Stock Options and Option Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report of Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.15*	Form of Notice of Grant of Stock Options and Option Agreement (Transition Agreement) of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))

* Represents a management contract or compensatory plan, contract or arrangement in which a director or named executive officer of the Company participated.

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INDEX TO EXHIBITS
[Items 15(a)(3) and 15(c)]

Exhibit No	Description
10.16*	Form of Notice of Special Grant of Stock Options and Option Agreement (Transition Agreement) of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.17*	Form of Notice of Award of Restricted Stock and Restricted Stock Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.18*	Form of Notice of Award of Restricted Stock and Restricted Stock Agreement (Transition Agreement) of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.6 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.19*	Form of Notice of Grant of Stock Appreciation Rights and Stock Appreciation Rights Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.10 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.20*	Form of Notice of Award of Restricted Stock Units and Restricted Stock Unit Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.7 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.21*	Form of Notice of Award of Restricted Stock Units and Restricted Stock Unit Agreement (Transition Agreement) of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.8 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.22*	Form of Notice of Award of Restricted Stock Units and Restricted Stock Unit Agreement (International) of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.9 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 28, 2010 (File No. 1-9183))
10.23*	Form of Notice of Grant of Stock Options and Option Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan to each of Messrs. Hund, Levatich, Olin and Wandell (incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated May 1, 2009 (File No. 1-9183))
10.24*	Form of Notice of Grant of Restricted Stock and Restricted Stock Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2009 Incentive Stock Plan to each of Messrs. Hund and Wandell (incorporated herein by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K dated May 1, 2009 (File No. 1-9183))
10.25*	Form of Notice of Grant of Stock Options and Option Agreement of Harley-Davidson, Inc. under the Harley-Davidson Inc. 1995 Stock Option Plan and the Harley-Davidson, Inc. 2004 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.21 to the Registrant’s Annual Report of Form 10-K for the year ended December 31, 2005 (File No. 1-9183))
10.26*	Form of Notice of Special Grant of Stock Options and Option Agreement of Harley-Davidson, Inc. under the Harley-Davidson Inc. 1995 Stock Option Plan and the Harley-Davidson, Inc. 2004 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.22 to the Registrant’s Annual Report of Form 10-K for the year ended December 31, 2005 (File No. 1-9183))
10.27*	

	Form of Notice of Award of Restricted Stock and Restricted Stock Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2004 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report of Form 10-Q for the quarter ended March 29, 2009 (File No. 1-9183))
10.28*	Form of Notice of Special Award of Restricted Stock and Restricted Stock Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2004 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.6 to the Registrant's Quarterly Report of Form 10-Q for the quarter ended April 1, 2007 (File No. 1-9183))

* Represents a management contract or compensatory plan, contract or arrangement in which a director or named executive officer of the Company participated.

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INDEX TO EXHIBITS
[Items 15(a)(3) and 15(c)]

Exhibit No	Description
10.29*	Form of Notice of Award of Restricted Stock Unit and Restricted Stock Unit Agreement of Harley-Davidson, Inc. under the Harley-Davidson, Inc. 2004 Incentive Stock Plan (incorporated herein by reference to Exhibit 10.7 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended April 1, 2007 (File No. 1-9183))
10.30*	Form of Amended and Restated Severance Benefits Agreement as amended through April 25, 2008 between the Registrant and Mr. Richer (incorporated herein by reference to Exhibit 10.12 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 30, 2008 (File No. 1-9183))
10.31*	Form of Severance Benefits Agreement between the Registrant and each of Messrs. Hund, Jones, Levatich, Olin and Wandell (incorporated herein by reference to Exhibit 10.9 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 1-9183))
10.32*	Form of Transition Agreement between the Registrant and each of Messrs. Levatich, Olin and Wandell (incorporated herein by reference to Exhibit 10.4 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 1-9183))
10.33*	Transition Agreement between the Registrant and Mr. Hund dated November 30, 2009 (incorporated herein by reference to Exhibit 10.5 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 1-9183))
10.34*	Form of Aircraft Time Sharing Agreement between the Registrant and each of Messrs. Wandell, Levatich, Olin, Jones and Hund (incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-9183))
21	List of Subsidiaries
23	Consent of Independent Registered Public Accounting Firm
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a)
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a)
32	Written Statement of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. §1350
101	Financial statements from the annual report on Form 10-K of Harley-Davidson, Inc. for the year ended December 31, 2012, filed on February 22, 2013 formatted in XBRL: (i) the Consolidated Statements of Operations; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Shareholders' Equity; and (vi) the Notes to Consolidated Financial Statements.

Instruments relating to the Company’s conduit facilities described in this report need not be filed herewith pursuant to Item 601(b)(4)(v) of Regulation S-K. The registrant, by signing this report, agrees to furnish the Securities and Exchange Commission, upon its request, with a copy of any such instrument.

* Represents a management contract or compensatory plan, contract or arrangement in which a director or named executive officer of the Company participated.

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