



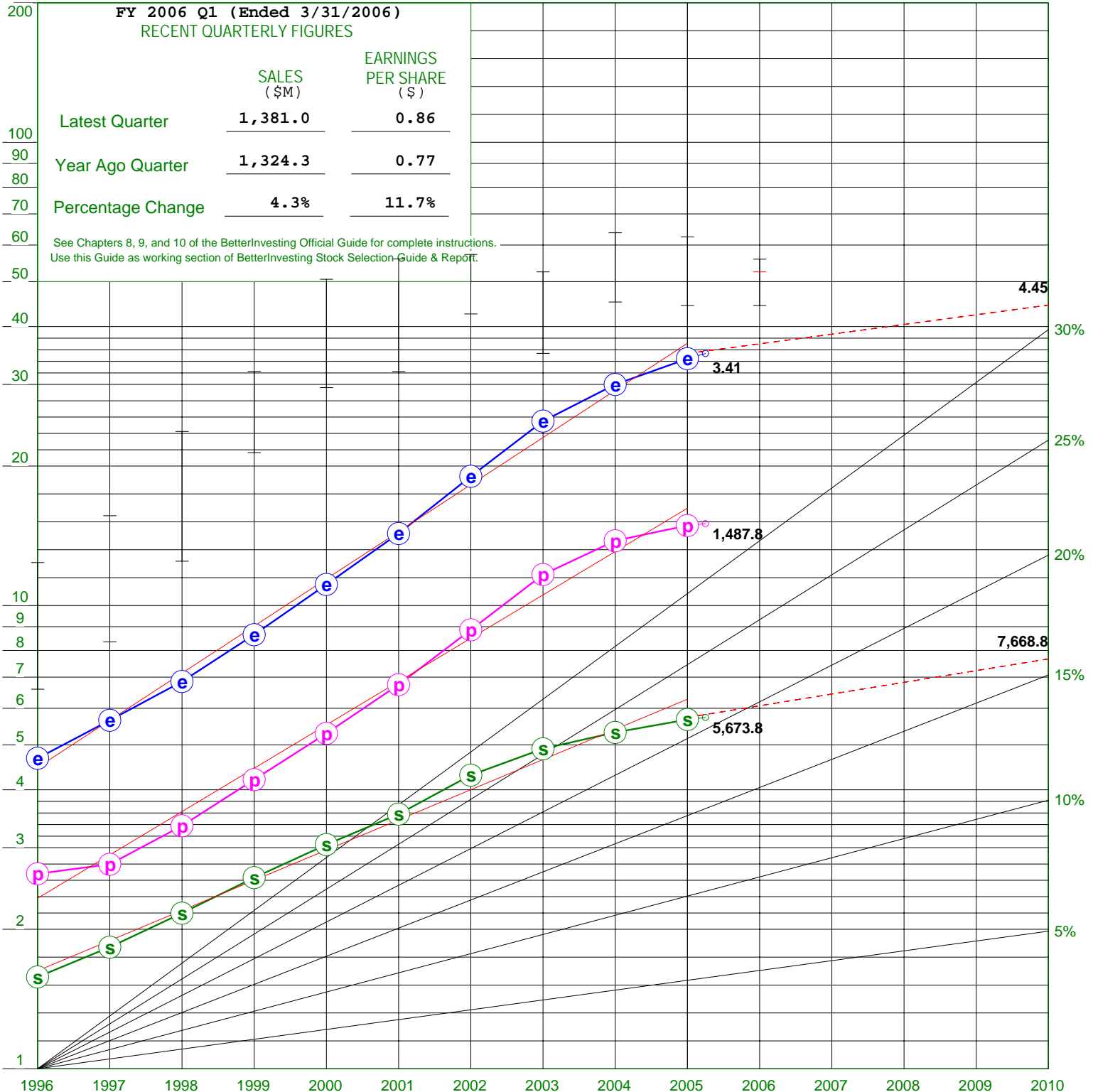
Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company	HARLEY-DAVIDSON, INC.		Date	06/19/06	
Prepared by	MG		Data taken from	NAIC Data	
Where traded	NYSE		Major product/service	Motorcycle	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0		% Insiders	%	
Common (M Shares)	268.6		% Institution	80.4	
Debt (\$M)	1,093.6	% to Tot.Cap.	26.6	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

HDI



(1) Historical Sales Growth 16.2 % (3) Historical Earnings Per Share Growth 26.4 %
 (2) Estimated Future Sales Growth 6.0 % (4) Estimated Future Earnings Per Share Growth 4.9 %

2 EVALUATING MANAGEMENT

Company **HARLEY-DAVIDSON, INC.**

(HDI)

06/19/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	16.7	15.1	15.4	16.3	17.4	19.0	20.6	23.8	25.9	26.2	23.1	UP	
B % Earned on Equity (E/S ÷ Book Value)	21.4	20.8	20.3	22.5	23.9	24.7	25.8	25.5	27.4	30.3	26.7	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		52.520	HIGH THIS YEAR		55.930	LOW THIS YEAR		44.400
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1	2001	56.0	32.0	1.43	39.2	22.4	0.115	8.0	0.4	
2	2002	57.3	42.6	1.90	30.2	22.4	0.135	7.1	0.3	
3	2003	52.5	35.0	2.50	21.0	14.0	0.195	7.8	0.6	
4	2004	63.8	45.2	3.00	21.3	15.1	0.405	13.5	0.9	
5	2005	62.5	44.4	3.41	18.3	13.0	0.625	18.3	1.4	
6	TOTAL		199.2		60.6	42.1		54.7		
7	AVERAGE		39.8		20.2	14.0		10.9		
8	AVERAGE PRICE EARNINGS RATIO			17.1	9	CURRENT PRICE EARNINGS RATIO			15.0	

4 PROJ. P/E [14.30] Based on Next 4 qtr. EPS [3.67] Current P/E Based on Last 4 qtr. EPS [3.50] PEG=291

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~20.2~~ 18.0 X Estimate High Earnings/Share 4.45 = Forecast High Price \$ 80.1 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~14.0~~ 15.0 X Estimated Low Earnings/Share ~~3.41~~ 3.50 = \$ 52.5 (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 39.8 (3B7)

(c) Recent Severe Market Low Price = 44.4

(d) Price Dividend Will Support Present Divd. = 0.840 = 59.7 High Yield (H) 0.014

Selected Estimate Low Price = \$ 39.8 (4B1)

C ZONING

80.1 (4A1) High Forecast Price Minus 39.8 (4B1) Low Forecast Price Equals 40.3 (C) Range. 1/3 of Range = 10.1 (4CD)

(4C2) Lower 1/3 = (4B1) 39.8 to 49.9 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 49.9 to 70.0 (Maybe)

(4C4) Upper 1/3 = 70.0 to 80.1 (4A1) (Sell)

Present Market Price of 52.520 is in the Hold (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 80.1 Minus Present Price 52.520 = 27.6 = 2.2 To 1 Present Price 52.520 Minus Low Price (4B1) 39.8 = 12.7 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 80.1 = (1.525) X 100 = (152.5) - 100 = 52.5 (4E) % Appreciation Present Market Price 52.520

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.840 Present Price of Stock \$ 52.520 = 0.016 X 100 = 1.6 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS Avg. Earnings Per Share Next 5 Years 4.04 X Avg. % Payout (3G7) 10.9 = 44.0 = 0.8 (5B) % Present Price \$ 52.520

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

		P.A.R.	Tot. Ret.
5 Year Appreciation Potential (4E) 52.5			
Average Yield (5B) 0.8 %	10.5 %	Average Yield 0.7%	0.6%
Average Total Annual Return Over the Next 5 Years (5C) 11.3 %	0.8 %	Annual Appreciation 6.9%	8.8%
		% Compd Ann Rate of Ret 7.6%	9.4%

PERT Worksheet-A Graph

Company HARLEY-DAVIDSON, INC.

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