



2009

HARLEY-DAVIDSON MOTOR COMPANY

SUSTAINABILITY STRATEGY REPORT



03. Section One: Introduction

06. Section Two: Background

07. The Issue of Climate Change

10. Strategic Pillars

11. Section Three: Greenhouse Gas Emissions

12. Greenhouse Gas Emissions

13. Accounting Protocol & Methodology for Estimating Emissions

14. Historical Direct Emissions from Manufacturing 2004 – 2009

15. Section Four: Regulatory and Strategic Analysis

17. Federal Greenhouse Gas Regulations

19. State Greenhouse Gas Initiatives

22. European Union and Japan Directives

23. Commercial Risks and Challenges

24. Section Five: Projects and Initiatives

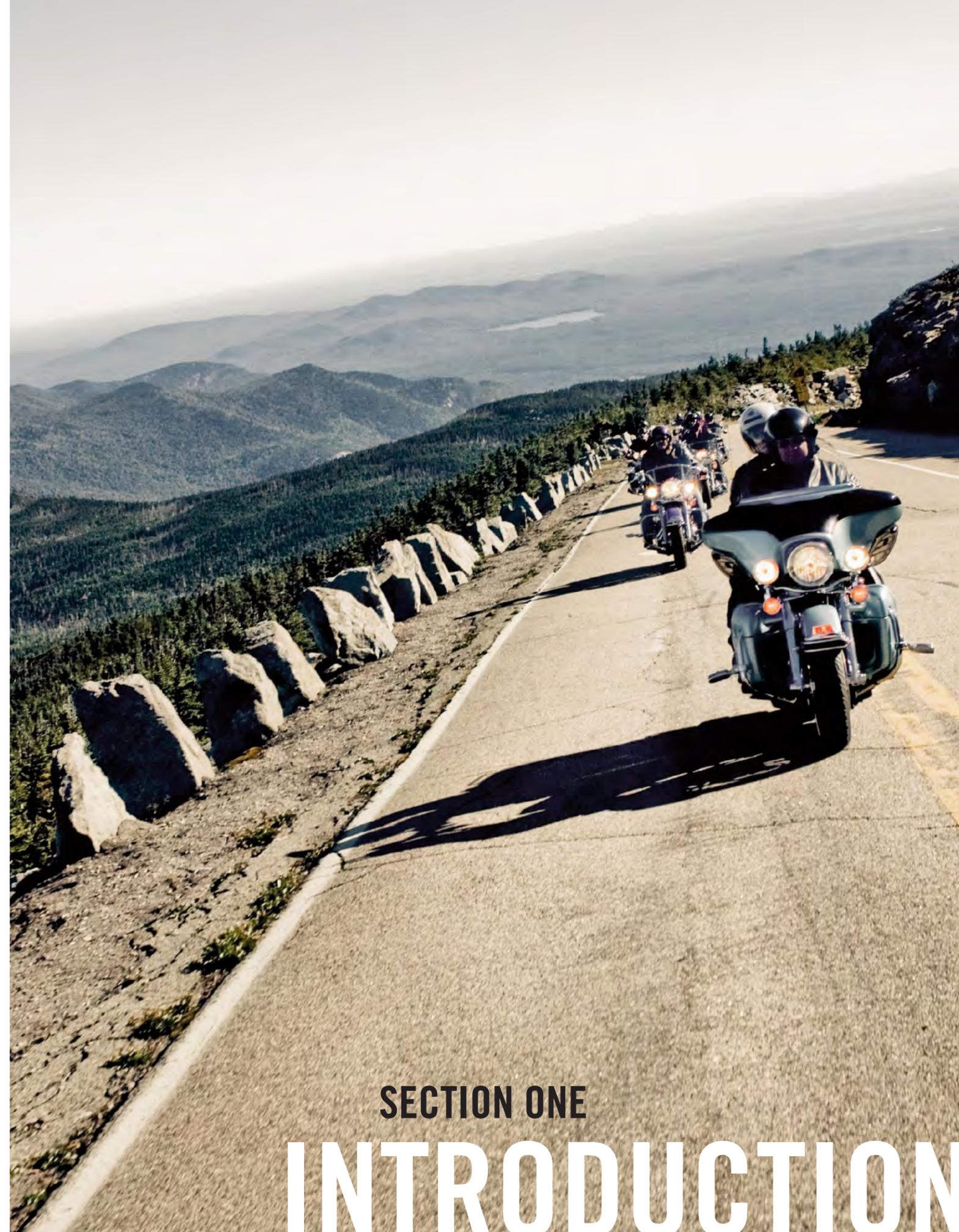
26. Strategic Environmental Sustainability Plan

27. Waste Reduction Initiatives

28. Recycling Initiatives

30. Waste and Wastewater Projects

31. Other Projects



SECTION ONE

INTRODUCTION

CONTENT

“Sustainability is just good business and the right thing to do. We are increasingly accountable to more environmentally and socially aware shareholders and customers. At Harley-Davidson, we respect our riding family, our employees, our communities, our planet and our environment.

And, we are passionate about our desire that generations of riders who come after us will be able to share the Harley-Davidson experience that we enjoy. With that in mind, we have chosen the environment as an area of focus and have developed a plan to reduce energy use and greenhouse gas emissions.”

KEITH WANDELL, PRESIDENT AND CHIEF EXECUTIVE OFFICER - HARLEY-DAVIDSON, INC.

SUSTAINABILITY HAS AN IMPORTANT STRATEGIC POSITION IN OUR LONG-TERM CORPORATE PLAN.

SUSTAINABILITY IS OUR FOURTH PILLAR, ALONG WITH GROWTH, LEADERSHIP DEVELOPMENT AND CONTINUOUS IMPROVEMENT.

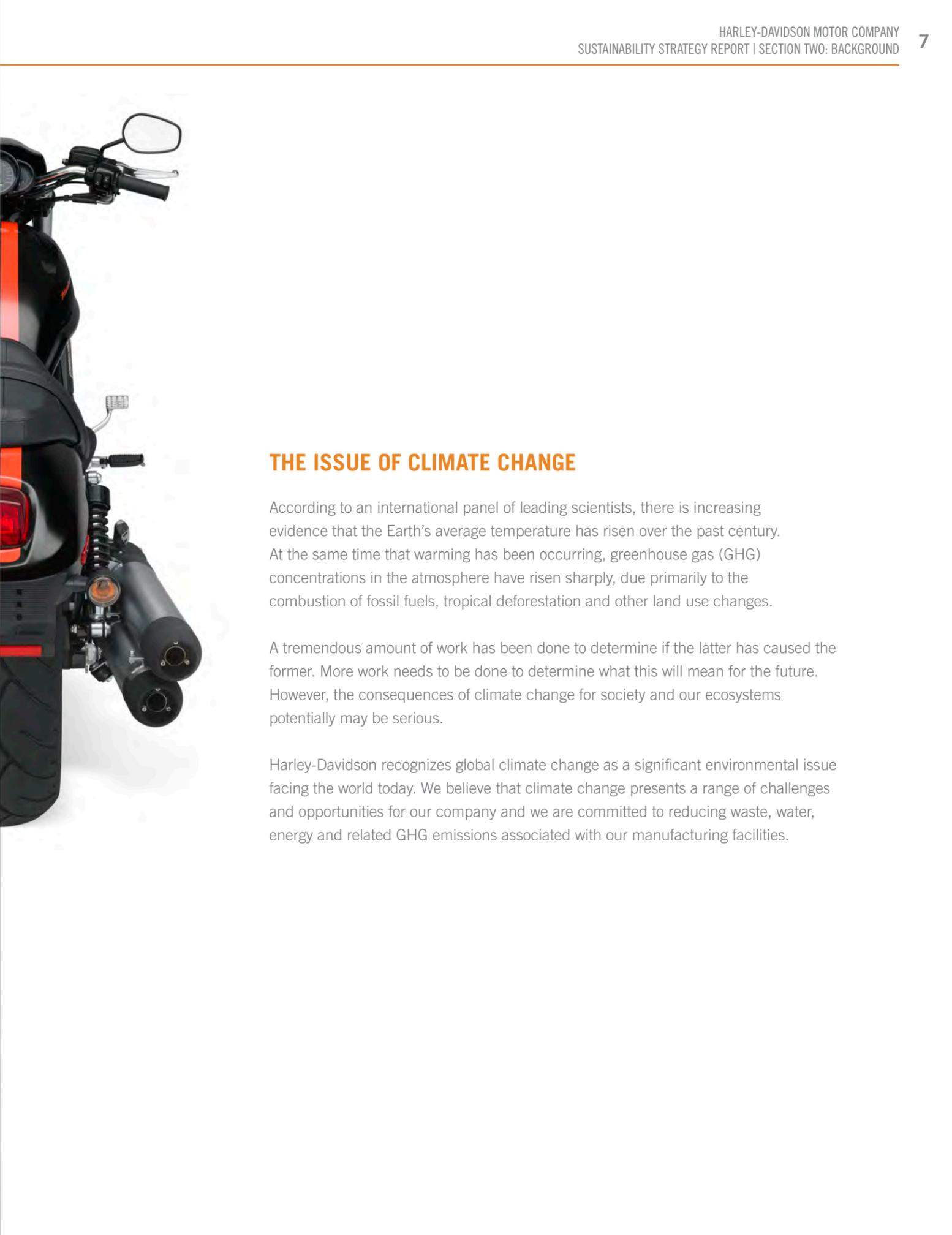


TO GUIDE OUR SUSTAINABILITY EFFORTS, WE'VE IDENTIFIED THE FOLLOWING VISION:

TO PRESENT THE FUTURE FOR THE BRANDS IN A WAY THAT BRINGS SOCIAL AND ENVIRONMENTAL RESPONSIBILITY ALONG FOR THE RIDE.

This vision encourages employees of all of our subsidiaries to understand the challenge of sustainability and take appropriate action. We want future generations to enjoy the riding experiences we enjoy. This is our goal and to deliver it means caring for our environment as well as maintaining our business success.

Harley-Davidson, Inc. (Harley-Davidson or the Company) is the parent company of the group of companies doing business as Harley-Davidson Motor Company, Buell Motorcycle Company, MV Agusta and Harley-Davidson Financial Services (HDFS). Harley-Davidson Motor Company produces heavyweight custom, touring and cruiser motorcycles.



THE ISSUE OF CLIMATE CHANGE

According to an international panel of leading scientists, there is increasing evidence that the Earth's average temperature has risen over the past century. At the same time that warming has been occurring, greenhouse gas (GHG) concentrations in the atmosphere have risen sharply, due primarily to the combustion of fossil fuels, tropical deforestation and other land use changes.

A tremendous amount of work has been done to determine if the latter has caused the former. More work needs to be done to determine what this will mean for the future. However, the consequences of climate change for society and our ecosystems potentially may be serious.

Harley-Davidson recognizes global climate change as a significant environmental issue facing the world today. We believe that climate change presents a range of challenges and opportunities for our company and we are committed to reducing waste, water, energy and related GHG emissions associated with our manufacturing facilities.

SECTION TWO

BACKGROUND



During the past five years, society at large has placed a greater focus on the issue of climate change. Climate change and environmental issues have a high priority in the minds of consumers and executives around the world.

Both mainstream analysts and those who practice socially responsible investing are assessing public companies' risk related to climate change. Certain institutional investors will make a determination to invest in a company's stock based upon a company's environmental and socially responsible activities.

Unpredictability in oil prices continues to drive consumers to shift from larger vehicles to smaller more fuel efficient vehicles, including motorcycles. Although there currently is no direct comparison of miles per gallon rating of motorcycles to automobiles, motorcycles are generally more efficient than automobiles.

In light of the changing global science and policy regarding climate change, Harley-Davidson is taking a number of steps to prepare for the transition to a lower-carbon economy. Sustainable development is an opportunity for the Company. We have a great brand. A great dealer network. Great loyal customers.

What does this mean in terms of our products? It means we must plan ahead. We need to track customer perceptions, keeping an eye on other industries – our own industry, the auto industry and more – to help us keep sight of what's coming our way next.

Another big opportunity is to see that 'greener' vehicles can be premium, cool and profitable and still provide the authentic, emotional experience we want. This is not about getting out of the gas engine business, this is about caring about all stakeholders in the way we live our business, in line with our beliefs.

THE SUSTAINABILITY FOCUS FOR HARLEY-DAVIDSON WILL BE TO REDUCE WASTE, WATER, ENERGY AND RELATED GREENHOUSE GAS EMISSIONS

The Company views Society as one of its key stakeholders, and we include the environment as a integral component of our engagement with Society. We've also made sustainability visible at the highest level of our business process with a new Guiding Principle: Seize the Opportunities of Sustainability for Our Business.

We believe that taking a value-centered approach to sustainable development, including the reductions of GHG emissions, will:

- Align our business with society and shareholder views on environmental issues
- Preserve and enhance our brand
- Improve relevance of the brand to new and different customers
- Support expansion into new markets



STRATEGIC PILLARS

Our climate change initiatives directly support our four company strategic pillars:

Growth – Consumers are increasingly influenced in purchase decisions by what companies are doing to support sustainable business practices, including reducing GHG emissions. We recognize that sustainability goes beyond the motorcycle to an integrated approach by the Company to society and the environment.

Continuous Improvement – Continuous improvement focuses on organizational engagement and process improvement transformation with the goal of delivering improved levels of business performance for quality, cost, and time to market. Our efforts to reduce energy use and make our facilities more energy efficient not only reduce GHG emissions, but also support this initiative, making sustainability an integral part of Continuous Improvement.

Leadership Development – Bold and decisive leadership is required to create company strategies and value through sustainable business practices, including reduction of GHG emissions. At Harley-Davidson, we are uniting the organization around a strategic plan that is resourced and evolving in step with the expectations of current and future owners and customers.

Sustainability – For Harley-Davidson, Sustainability means maintaining our business success forever, so that future generations can enjoy the Harley-Davidson riding experience. The Sustainability focus for Harley-Davidson will be to reduce waste, water and energy and related GHG emissions.



SECTION THREE
**GREENHOUSE
GAS EMISSIONS**

GREENHOUSE GAS EMISSIONS

Harley-Davidson Motor Company operates six production facilities and two research and development facilities, as of December 31, 2009:

Harley-Davidson Powertrain Operations in Menomonee Falls, Wisconsin (Pilgrim Road facility)

Harley-Davidson Powertrain Operations in Wauwatosa, Wisconsin (Capitol Drive facility)

Harley-Davidson Vehicle Operations in York, Pennsylvania (York facility)

Harley-Davidson Vehicle and Powertrain Operations in Kansas City, Missouri (Kansas City facility)

Harley-Davidson Operations in Tomahawk, Wisconsin (Tomahawk facility)

Buell Motorcycle Company in East Troy, Wisconsin (Buell)¹

Willie G. Davidson Product Development Center (Product Development Center)

Buell Motorcycle Company Research and Development Facility, East Troy, Wisconsin (Buell)¹

These facilities manufacture motorcycle engines, transmissions and components and perform final assembly. They range in size from approximately 100,000 square feet at our Tomahawk facility to over 1,000,000 square feet at the York facility. Harley-Davidson does not own manufacturing facilities outside the United States of America,² with the exception of a low volume assembly facility in Brazil.

The majority of GHG emissions associated with Harley-Davidson operations are related to energy usage at our facilities (primarily natural gas and gasoline). In 2009, our facilities consumed approximately \$9,000,000 worth of energy in the form of liquid fuels and natural gas, resulting in approximately 55,000 metric tons of GHG emissions, a reduction from prior years (see page 14).

Harley-Davidson Motor Company is continually working to reduce the environmental impact of its manufacturing facilities, including ongoing efforts to reduce waste generation, water and energy use and greenhouse gases. Harley-Davidson Motor Company has compiled GHG data for the years 2004 through 2009 for our manufacturing and research and development facilities.



ACCOUNTING PROTOCOL & METHODOLOGY FOR ESTIMATING EMISSIONS

To establish a baseline from which to build our strategy and increase consistency and transparency, we used the GHG Protocol Corporate Standard to prepare its GHG data. The protocol was prepared by a multi-stakeholder partnership of businesses, non-governmental organizations, governments, and others convened by the World Resources Institute and the World Business Council for Sustainable Development.

Harley-Davidson reports information on emissions of three GHGs: carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), all as CO₂e. Our GHG data consists of direct emission sources (Scope 1) from manufacturing and research and development facilities. GHG emissions from indirect sources, such as purchased electricity (Scope 2) and purchased materials (Scope 3) are not considered part of the data at this time. GHG estimates for emissions from operation of individual motorcycles are also not included.



1. Buell Motorcycle Company and Buell Motorcycle Research and Development facilities closed operations in late December 2009 and are included in the companies gathering GHG in 2009. Buell will not be part of the companies gathering GHG data in 2010.

2. MV Agusta was acquired by the Company in August 2008 and is not part of the group of companies gathering GHG data at this time. MV Agusta manufactures motorcycles at its facility in Varese, Italy. In October 2009, the Company decided to sell MV Agusta.



HISTORICAL DIRECT EMISSIONS FROM MANUFACTURING 2004–2009

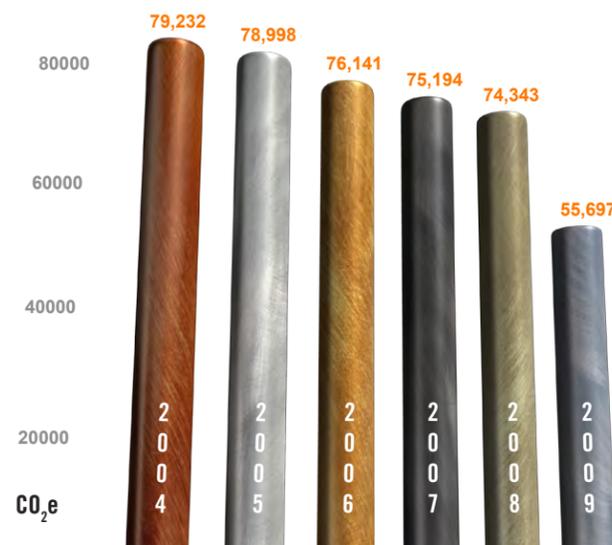
The primary GHG in our data are CO₂ emissions from combustion of natural gas, gasoline and fuel oil. As shown in Figure 1, Harley-Davidson Motor Company has decreased GHG emissions by 23,839 metric tons from 79,536 metric tons in 2004 to 55,697 metric tons in 2009.

Powertrain Operations square footage reduction and planned production shutdowns across the Company have reduced GHG emissions by 25% (18,646 metric tons) since 2008.

We have several facilities with rich histories (some over 50 years old) in Milwaukee, Wisconsin and York, Pennsylvania that are located in cold weather areas of the United States. Heat loss during cold weather months results in additional energy consumption. We have implemented numerous improvements at these facilities to reduce energy use and associated operating costs.

HARLEY-DAVIDSON MOTOR COMPANY HAS DECREASED TOTAL GHG EMISSIONS BY 18,646 METRIC TONS (25%) SINCE 2008.

FIGURE 1
HARLEY-DAVIDSON MOTOR COMPANY
TOTAL GREENHOUSE GAS EMISSIONS



SECTION FOUR REGULATORY AND STRATEGIC ANALYSIS



Regulation designed to address climate change, particularly GHGs like CO₂, is expected to have a significant impact in the next five to 10 years. In particular, recent GHG related initiatives, both proposed and final, have the potential to significantly affect the motorcycle industry. This section describes Federal GHG regulations as well as those in Wisconsin, Pennsylvania and Missouri, where Harley-Davidson has manufacturing facilities. Because of their impact on regulatory trends, initiatives in California, the European Union and Japan are also discussed.

FEDERAL GREENHOUSE GAS REGULATIONS

The past year brought about significant developments in federal GHG regulation. The American Clean Energy and Security Act of 2009 was passed in the House of Representatives. In the Senate, the Clean Energy Jobs and American Power Act, was introduced. Both bills contain vehicle performance standards applicable to motorcycles and propose a cap and trade system for GHG emissions, potentially requiring changes to Harley-Davidson's manufacturing facilities.

GHG Reporting Rule

On October 30, 2009, the U.S. EPA issued a reporting rule that requires certain sources to begin tracking emissions for six GHG pollutants, including carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). The rule specifically identified motorcycle manufacturing facilities as a source subject to the mandatory reporting requirements. Specifically, motorcycle manufacturing facilities may be subject to the reporting rule on a per facility basis if emissions from stationary fuel consumption sources (e.g., industrial boilers) at a facility are 25,000 metric tons of CO₂e or more.

In addition, engine emissions reporting is required for CO₂ beginning with model year 2011, with CH₄ added for model year 2012 and N₂O for model year 2013. This reporting is folded into the existing engine emissions certification process under the Clean Air Act (CAA). Engine manufacturers have been tracking CO₂ emissions but were previously not required to report them.

This rule is being challenged in the federal courts, but its monitoring and reporting requirements remain in effect.





Endangerment Findings – First Step to CAA Regulation of GHG Emissions

On December 7, 2009, U.S. EPA Administrator Lisa Jackson signed two Findings for GHGs—the “Endangerment Finding” and the “Cause and Contribute Finding”—that apply to motor vehicles (including motorcycles). These findings put forth the U.S. EPA’s position that GHGs are a threat to public health and welfare. The immediate effect of these Findings is minimal, as they impose no substantive requirements on their own. However, they were the necessary precursor to U.S. EPA regulation of GHG emissions from motor vehicles. These findings are being challenged in federal courts, but have not been stayed.

Already being developed by the EPA is a light-duty vehicle rule that, while not applicable to motorcycles, would be the first EPA rulemaking regulating GHGs. Due to the definitional structure of the CAA, once GHGs are regulated as pollutants under the mobile source provisions of the CAA, it is EPA’s position that those same “pollutants” are subject to regulation under the permitting requirements for stationary sources. Consequently, all major sources of GHGs (e.g., emissions sources at manufacturing facilities) would be subject to permitting obligations, including emission control requirements for new and modified sources. EPA has proposed to significantly increase the applicability threshold from 100-250 tons per year (tpy) CO₂e to 25,000 tpy CO₂e. The practical effect of these rulemakings may be to potentially subject Harley-Davidson’s manufacturing facilities to permitting and emissions control requirements for GHGs in the future.



STATE GREENHOUSE GAS INITIATIVES

Wisconsin

Harley-Davidson Motor Company currently has three manufacturing locations and its research and development facility in Wisconsin. In November 2007, Wisconsin joined five other states and the Province of Manitoba in entering into the Midwest Greenhouse Gas Accord. The Accord resolved that its signatory states and provinces would endeavor to: establish GHG reduction timeframes and targets; develop a multi-sector cap and trade program to achieve those targets; join The Climate Registry to enable monitoring of GHG emissions; and develop other GHG regulations as necessary. The creation of GHG reduction targets and a multi-sector cap and trade program were addressed as part of the Task Force on Greenhouse Gas Emissions created by Governor Doyle’s Executive Order 191. The Task Force issued its report and recommendations in July 2008.

The Task Force prepared recommendations for different commercial sectors, including industry. The Task Force recommended five incentive-based policies to address GHG emissions from industry: industrial boiler efficiency improvements; other industrial efficiency initiatives; industrial boiler fuel switching; energy intensity reduction with so-called feebates (essentially, an inefficiency surcharge); and training for ‘green’ jobs.

The Task Force also recommended establishing a multi-sector cap and trade program for facilities with emissions of greater than 25,000 tons of CO₂. Further, pursuant to Executive Order 191’s directive that the Wisconsin Department of Natural Resources (“WDNR”) establish a GHG inventory, Wis. Admin. Code NR 438 requires facilities emitting 100,000 tons or more per year of CO₂ to report those emissions to the WDNR. Emissions on an individual basis for Harley-Davidson’s manufacturing facilities in Wisconsin are below this limit.

In January 2010, Assembly Bill 649 was proposed commensurate with the recommendations of the Governor’s Task Force. Among other things, the bill proposes reducing the CO₂ reporting threshold from 100,000 tpy to 10,000 tpy and requiring WDNR to promulgate motor vehicle emission standards identical to California emissions limitations (with the exception of zero emission vehicle requirements). The bill also would require WDNR to promulgate a low carbon fuel standard for transportation fuels sold in the state (subject to the endorsement of a majority of the governors of the states whose governors endorsed the Midwestern Governors’ Association Energy Security and Climate Stewardship Platform in 2007).

Harley-Davidson has already undertaken a number of efficiency initiatives at our manufacturing facilities, and will continue to do so in the future. Boilers in our facilities operate on natural gas instead of coal, and, as a result, have lower CO₂ emissions. We will ensure our facilities address any new emission requirements as they pertain to our operations.



Missouri

The Kansas City Vehicle and Powertrain Operations is located in Kansas City, Missouri with 330,000 square feet of manufacturing area. Missouri did not sign the Midwest Greenhouse Gas Accord though its governor did sign portions of the Midwest Governors' Association Accord in 2007. Missouri has issued a series of global climate change related documents and fact sheets, and, like Wisconsin, it is a member of The Climate Registry. Missouri is not currently considering greenhouse gas regulations or legislation. Should Missouri adopt climate change related procedures in the future, our Kansas City assembly and powertrain operations may be affected.

Pennsylvania and the Regional Greenhouse Gas Initiative

Harley-Davidson's York Vehicle Operations is located in York, Pennsylvania. In September 2006, Pennsylvania adopted air pollution standards for motor vehicle emissions and, like California, sought a waiver from U.S. EPA to implement these regulations.

Pennsylvania has also pursued several other means of regulating GHGs. In 2008, it enacted the Pennsylvania Climate Change Act requiring reports on the impact of climate change on temperature, precipitation, health, economy, forests, recreation, agriculture and tourism, as well as any economic opportunities presented by reduction of GHGs. In addition, the Climate Change Act requires Pennsylvania's Department of Environmental Protection ("PDEP") to submit a climate change action plan to the governor and to compile an annual inventory of GHGs emitted within the state by all sources. The inventory is used to establish GHG trends and relative contribution of various sectors. PDEP established a Local Government Greenhouse Gas Pilot Grant Program in 2008, which was designed to assist municipalities with funding to develop GHG emissions inventories and emission reduction plans. Also, like Wisconsin and Missouri, Pennsylvania is a member of The Climate Registry.

Pennsylvania is also an 'official observer' of the Regional Greenhouse Gas Initiative (RGGI), RGGI is a cooperative effort by several Northeast and Mid-Atlantic states to reduce CO₂ emissions through development of a regional cap and trade program, initially applying only to electric power generating facilities. The program first began trading carbon emissions credits on August 15, 2008. Although Pennsylvania is expected to officially join RGGI at some point, it has thus far not done so.



California

The State of California has developed regulations requiring improved efficiency for automobiles and light duty vehicles, known as the Pavley rules. Based on initial scoping documents that California has issued with those regulations, motorcycles will not be subject to CO₂ emission limits, however, the California Air Resources Board is investigating the motorcycle evaporative emissions regulations toward an expansion of these regulations and the associated testing.



EUROPEAN UNION AND JAPAN DIRECTIVES

Although Harley-Davidson Motor Company does not have manufacturing facilities outside of the U.S., its motorcycles are sold worldwide. Currently, both the European Union (EU) and Japan are investigating and developing CO₂ regulations for motorcycles. CO₂ outputs for motor vehicles in grams per kilometer (gm/km) are already being linked to taxation and registration requirements in Spain. However, the creation of a pan-European directive related to CO₂ emissions from motorcycles is currently being debated within the European Association of Motorcycle Manufacturers. At this time, it is anticipated that the European Commission may develop GHG regulations for motorcycles in the 2015 timeframe.

The specifics of this potential regulation are currently being discussed between manufacturers and EU government representatives. On-vehicle CO₂ labeling for consumers is being evaluated, as well as the 'corporate averaging' of CO₂ output (gm/km) across product lines. This latter concept is similar to the manner in which the EPA and the California Air Resources Board implemented their most recent hydrocarbon and nitrogen oxides standards for motorcycles in the United States. Whatever the outcome of this process in the EU, it is also likely that Japan and other countries will be influenced by it.



Japan's End-of-Life Vehicle (ELV) Recycling Law came into force in January 2005. Under this law, automobile manufacturers are responsible for recovery, recycling and appropriate disposal with respect to automobile shredder residue, air bags, fluorocarbons and hazardous materials. However, the ELV Recycling Law does not cover motorcycles. Harley-Davidson Japan, a subsidiary of Harley-Davidson Inc., voluntarily launched a motorcycle recycling program in October 2005. The program is the first of its kind in the automobile and motorcycle industries and is at no cost to the consumer.

We anticipate that motorcycles will ultimately be included in recycling and end-of-life directives in the EU by 2015. This will also mandate an appropriate labeling system for plastics, metals and materials that are readily recyclable.



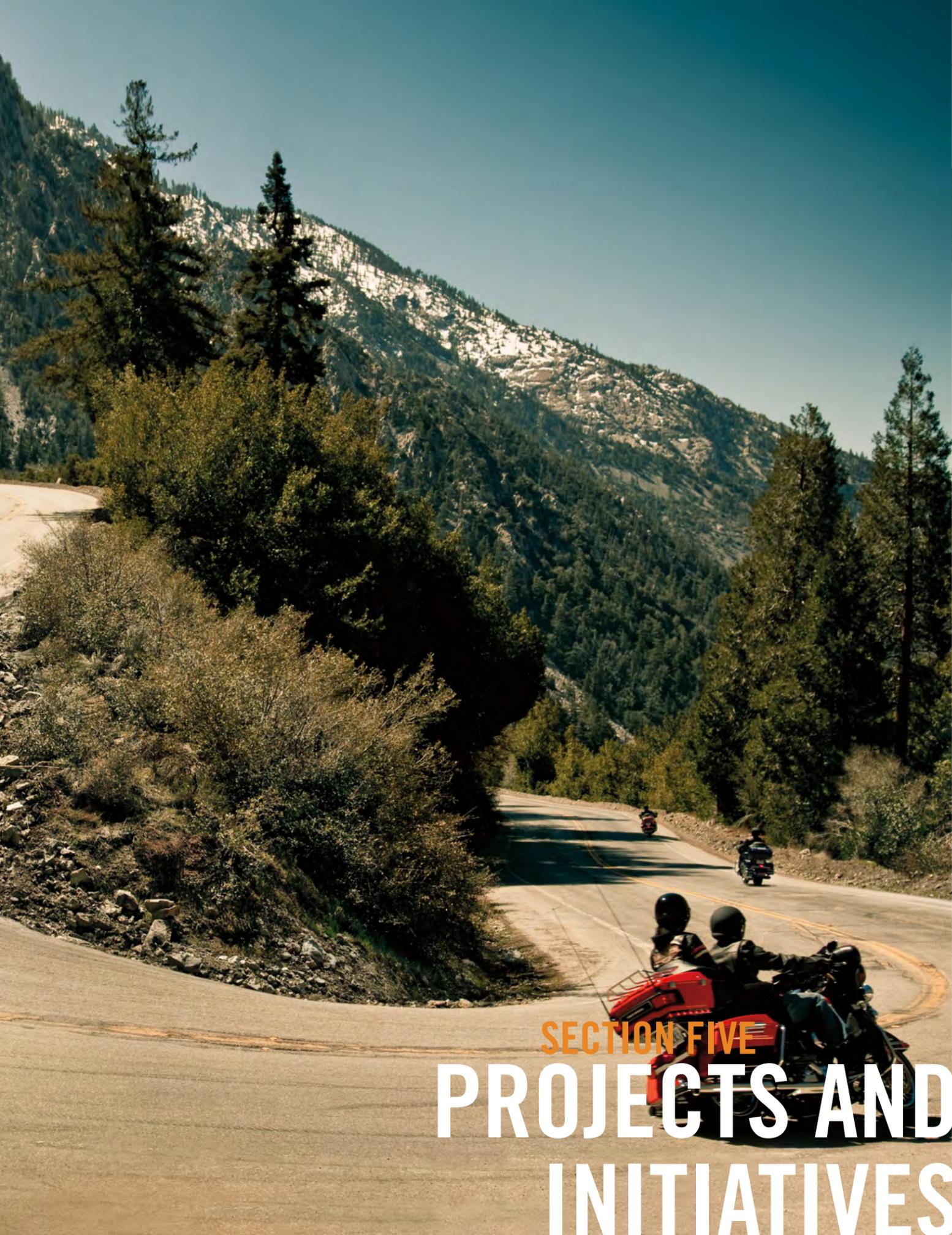
COMMERCIAL RISKS AND CHALLENGES

Because the implementation of a specific CO₂ regulation could occur in combination with additional reductions in currently regulated tailpipe pollutants (hydrocarbons and NO_x for example), rigorous technical challenges emerge for vehicle manufacturers. Ironically, improving engine combustion efficiency and exhaust gas after-treatments (such as catalyst technologies) can lead to an increase in CO₂ output. Therefore, additional development and research will be required to find ways to simultaneously reduce CO₂ emissions and other pollutants. This may require motorcycle manufacturers to develop and adapt the types of advanced technologies that are often employed in the automotive sector. Some of these technologies, such as variable valve timing and weight reduction schemes, have already been used on motorcycles. However, as CO₂ emission standards become more rigorous, potential changes to the products themselves could become more significant requiring new and innovative motorcycle designs.

Concerns over climate change are expected to lead to lower tailpipe emission limits. Product planning and design will be required in the years ahead to meet the challenges posed by the possible regulations.

Energy security and availability and its related costs affect all aspects of our manufacturing operations in the United States, including our supply chain. This has an adverse affect on the cost to manufacture motorcycles. Higher utility rates have prompted us to revisit and implement energy-efficiency actions. Additionally, energy supply disruptions raise market rates and jeopardize the continuity of all American manufacturing.

Physical risks to our business operations as identified by the Intergovernmental Panel on Climate Change and other expert bodies include scenarios such as sea level rise, extreme weather conditions and resource shortages. Extreme weather may disrupt the production and supply of natural gas, a fuel necessary for the manufacture of motorcycles. Supply disruptions raise market rates and jeopardize the continuity of motorcycle production. To minimize the risk of production interruptions, Harley-Davidson Motor Company has conducted a risk analysis and has established propane backup systems at its facility located in Tomahawk, Wisconsin, which has a single supply pipeline for natural gas. Harley-Davidson Motor Company has also established firm natural gas delivery contracts at other locations with our energy management supplier.



SECTION FIVE
PROJECTS AND
INITIATIVES



Harley-Davidson is continually working to reduce our environmental impact, including on-going efforts to reduce waste (including air pollutants and physical waste), water use and energy and related greenhouse gas emissions. In addition, we have strong recycling programs across the Company.

Examples of a few projects contributing to reductions in energy use and GHG emissions are summarized in this section. These projects not only reduce natural gas use and GHG emissions, they make good business sense.



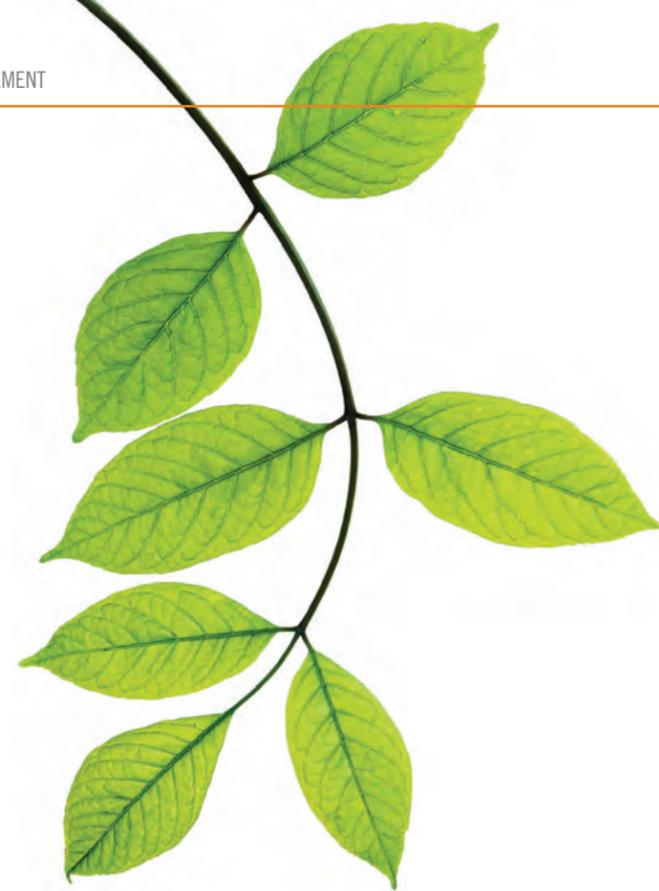
STRATEGIC ENVIRONMENTAL SUSTAINABILITY PLAN

Harley-Davidson Motor Company has developed a five year environmental sustainability strategic plan for reduction of waste, water, energy and related greenhouse gases.

In early 2008, the Company formed a Strategic Sustainability Team comprised of approximately 15 senior leaders representing different business groups from across the Company. This team led the strategy development work and now is helping guide rollout and implementation.

Throughout the Company, people are ready to implement the responsibilities of sustainability in their work. The aim of the Strategic Sustainability Team is to frame easy next steps and communicate clearly, using language and stories consistent with our brand. In 2009, efforts focused on raising awareness and engaging senior leaders and key Company environmental leaders. The team solidified major environmental goals and began measuring and making progress against these goals.

In 2010, the Company will focus on engaging all employees around the key role they play in sustainability. Employees will see that they can make a difference both at work and at home.



WASTE REDUCTION INITIATIVES

Post-Consumer Paper Use

The Marketing, General Merchandise and Quality departments switched to 10 percent post-consumer paper for printed collateral. Negotiating with the paper mills resulted in no negative financial impact on the business. However, this switch conserved 3,883,917,240 BTUs energy (the equivalent of 67 barrels of crude oil), saved 4,583 trees, prevented 2.3 million gallons of wastewater and 253 tons of greenhouse gases. We were also able to enhance our image by being able to place the recycled logo on some company literature.

Solvent Reclamation Program

The Tomahawk manufacturing facility uses solvent to clean paint equipment and lines in its painting operations. In 2008, the facility conducted a successful pilot project in which the solvent was sent offsite to be cleaned and then returned for use. In 2009, the facility recycled approximately 54,000 gallons, saving more than \$110,000. The solvent recycling process was duplicated at the York facility for a savings of \$300,000 and at the Kansas City facility for a savings of \$16,000.





RECYCLING INITIATIVES

Recycling efforts across all Harley-Davidson Motor Company facilities include paper, cardboard, metal, plastics and packaging. Total tonnage of recycled materials increased from approximately 12,500 tons in 2004 to 13,342 tons in 2009. We continue to strive to identify opportunities to recycle materials from our manufacturing facilities. Recent examples include recycling off-site, blending, reusing paint purge solvent and revamping office paper recycling.

Harley Owners Group® (HOG®) Sustainable Paper Project

The Harley Owners Group printed its 2010 Touring Handbook on paper certified by the Sustainable Forest Initiative (SFI) and the Forest Stewardship Council (FSC) without increasing its expenses. These organizations promote sustainable forestry management practices that address key environmental, social and economic forest values – from water quality and biodiversity to harvesting and regeneration. The 2010 Touring Handbook when laid end-to-end would span 9,073 miles – equal to nearly four round trips from Milwaukee, Wisconsin, to Daytona Beach, Florida – a total of 482,812 pounds of paper.



Office Paper Recycling

The Juneau Avenue facility further improved its office paper recycling program in 2009 and recycled approximately 50 tons of paper. As part of the site's overall Sustainability communication efforts more than 200 recycling centers were established for more than 1,000 employees at this location. Office paper recycling was also revamped at all manufacturing locations and the Product Development Center.

General Merchandise Denim Recycling

In the second half of 2009, the Harley-Davidson General Merchandise team donated enough denim to the Cotton from Blue to Green program to insulate one 2,300 square-foot Habitat for Humanity house. Cotton from Blue to Green recycles jeans into UltraTouch Natural Cotton Fiber Insulation. The garments are processed by removing all trim and embellishments and then treated with a non-toxic solution that transforms them into insulation. This donation gave new life to hundreds of items that would have otherwise been put into landfills.



WASTE AND WASTEWATER PROJECTS

Water Use Reduction Initiative

A device called the “Green Machine” was installed at the Juneau Avenue facility to remove calcium deposits from the cooling tower water supply using low amounts of electricity instead of chemicals. This saved \$13,000 per year – \$2,000 in water, \$5,000 in labor and \$6,000 in chemicals – and saved 300,000 gallons of water per year (8 percent of the site’s annual consumption).



Wastewater Pre-Treatment Award

The Kansas City Vehicle and Powertrain Operations facility received the Gold Industrial Wastewater Pretreatment Compliance Award from the Missouri Water Environment Association (MWEA) at their Annual Meeting in March of 2010. Gold Award winners must be in complete compliance with all wastewater discharge and reporting requirements, must have an industrial wastewater treatment process or pollution prevention program, and must have a history of good relations with the nominating city or sewer district. In addition to meeting required effluent limits and reporting requirements for treated industrial process discharges, the Kansas City facility has made changes to its metal finishing processes that have eliminated the discharge of process wastewaters containing toxic heavy metals.



OTHER PROJECTS

Lighting and System Control Enhancements

Although not considered a direct GHG emission source, Harley-Davidson Motor Company manufacturing facilities continue to implement lighting efficiency upgrades and control system improvements. The York facility initiated a relamping project using energy efficient lighting fixtures to replace less efficient fixtures resulting in an overall energy savings of \$111,000. The environmental benefits include a reduction of CO₂ emissions by 750 tons per year. The Kansas City facility also undertook an extensive relamping project, which will result in electrical savings of \$154,000 annually.



Harley-Davidson Museum® Gains Greenguard Certification



In October 2009, the Harley-Davidson Museum® became the first museum ever to receive GREENGUARD Indoor Air Quality Certification for Cleaners and Cleaning Maintenance Systems. Through the certification process, the housekeeping team learned that they were already following GREENGUARD-approved procedures and only needed to make minor changes to a few products to achieve certification.

The GREENGUARD Indoor Air Quality Certification is a third-party certification granted by the GREENGUARD Environmental Institute (GEI), an industry-independent, non profit organization that oversees the certification program. GEI establishes acceptable indoor air standards for indoor products, environments and buildings.



