

HARLEY DAVIDSON INC
Form DEF 14A
March 29, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement

**CONFIDENTIAL, FOR USE OF THE COMMISSION
ONLY (AS PERMITTED BY RULE 14A-6(E)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Harley-Davidson, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required

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- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

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NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

Harley-Davidson, Inc.

3700 West Juneau Avenue

Milwaukee, Wisconsin 53208

(414) 342-4680

March 29, 2018

NOTICE OF ANNUAL MEETING

AND PROXY STATEMENT

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of Harley-Davidson, Inc., we invite you to attend the 2018 Annual Meeting of Shareholders to be held at 3:00 p.m., Central Daylight Time, on Thursday, May 10, 2018, at the Harley-Davidson Museum, 400 West Canal Street, Milwaukee, Wisconsin.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the formal business that the shareholders will transact at the Annual Meeting. During the Annual Meeting, there will also be brief reports on operations. When the business of the Annual Meeting is concluded, shareholders will have an opportunity to ask questions.

We are furnishing proxy materials to our shareholders via the internet. This process expedites the delivery of proxy materials, ensures that proxy materials remain easily accessible to shareholders and provides clear instructions for receiving materials and voting.

On March 29, 2018, we mailed our Notice of Internet Availability of Proxy Materials, which contains instructions for use of this process, including how to access our Proxy Statement and 2017 Annual Report on Form 10-K and how to vote via the internet, mail or telephone, or in person at our 2018 Annual Meeting of Shareholders. The Notice of Internet Availability of Proxy Materials contains instructions on how you may receive a printed copy of the Proxy Statement and 2017 Annual Report on Form 10-K.

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

If you own shares through a broker, bank or other nominee, please vote your shares by providing your broker, bank or nominee with your voting instructions.

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

Sincerely yours,

Michael J. Cave

Chairman of the Board

Matthew S. Levatich

President and Chief Executive Officer

HARLEY-DAVIDSON, INC. 2018 Proxy Statement

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice of Annual Meeting of Shareholders

May 10, 2018

The 2018 Annual Meeting of Shareholders of Harley-Davidson, Inc. will be held at the Harley-Davidson Museum, 400 West Canal Street, Milwaukee, Wisconsin, on Thursday, May 10, 2018, at 3:00 p.m., Central Daylight Time, to vote on the items listed below.

ITEMS TO BE VOTED:

- 1** To elect ten directors to the Board of Directors;
- 2** To approve, by advisory vote, the compensation of our named executive officers;
- 3** To approve the Amended and Restated Harley-Davidson, Inc. Director Stock Plan; and
- 4** To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

We will also take action upon any other business as may properly come before the 2018 Annual Meeting and any adjournments or postponements of that meeting.

The Board of Directors unanimously recommends a vote FOR items 1, 2, 3 and 4. The Board of Directors or proxy holders will use their discretion on other matters that may arise at the 2018 Annual Meeting.

HOW TO VOTE YOUR SHARES:

March 8, 2018 is the record date for determining shareholders entitled to notice of and to vote at the 2018 Annual Meeting and any adjournments or postponements of that meeting. If you held your shares as of the close of business on March 8, 2018, you can vote using one of the following methods:

INTERNET

You can vote your shares online at *www.proxyvote.com*.

TELEPHONE

In the U.S. or Canada, you can vote your shares toll-free. Check your proxy card or voting instruction form for the toll-free number.

MAIL

You can vote by mail by marking, dating, and signing your proxy card or voting instruction form and returning it in the postage-paid envelope provided.

IN PERSON

If you plan to vote in person at the meeting, you will need to request a ballot to vote your shares. In addition, if you own your shares through a bank, broker or other nominee, you will need to obtain a legal proxy issued in your name from your bank, broker or other nominee to vote at the meeting.

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We urge you to submit your proxy as soon as possible. If the records of our transfer agent show that you own shares in your name or if you own shares through our Dividend Reinvestment Plan at the close of business on March 8, 2018, then you may vote (1) via the internet at <http://www.proxyvote.com>, (2) in person at the Annual Meeting, (3) by mail after first requesting a printed copy of the Proxy Statement, proxy card and Annual Report on Form 10-K and following the instructions set forth on the proxy card or (4) by telephone after reviewing the Proxy Statement and Annual Report on Form 10-K at <http://www.proxyvote.com>.

If you own shares in street name, we encourage you to provide voting instructions to your bank, broker or other nominee. Street name holders may also vote via telephone or the internet if their bank, broker or other nominee makes those methods available, in which case the bank, broker or other nominee will enclose the instructions along with this Proxy Statement.

By Order of the Board of Directors,

Harley-Davidson, Inc.

Stephen W. Boettinger

Assistant Secretary

Milwaukee, Wisconsin

March 29, 2018

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This overview provides information that you should consider before voting on the items presented at this year's Annual Meeting of Shareholders. This overview does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

Item 1 To elect ten directors to the Board of Directors

Our Board unanimously recommends that you vote FOR

the election of all director nominees.

Director Nominees

	Director		Independent	Other Public Directorships	Board Committees			
	Age	Since			AFC	HRC	NGC	SC
Troy Alstead								
Founder & CEO of Ocean5 and Table 47	54	2017	x	Levi Strauss & Co. (1)			x	
Former COO & Former CFO of Starbucks Corp.	67	2010	x			x	x	x

R. John Anderson

Retired Chief Executive
Officer of Levi Strauss &
Co.

Michael J. Cave*Chairman of the Board*

Retired Senior Vice President of The Boeing Company	57	2012	x	Aircastle Limited Ball Corporation Esterline Technologies Corporation		x
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Allan Golston

President, United States Program for the Bill & Melinda Gates Foundation	51	2017	x	Stryker Corporation	x	x
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Matthew S. Levatich

President and Chief Executive Officer, Harley-Davidson, Inc.	53	2015		Emerson Electric Co.		
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Sara L. Levinson

Co-founder and Director, Katapult, Inc. Former President of NFL Properties, Inc.	67	1996	x	Macy's, Inc.	x	x	x
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N. Thomas Linebarger

Chairman and Chief Executive Officer, Cummins Inc.	55	2008	x	Cummins Inc.	x		x	
	44	2016	x	Chipotle, Inc.		x	x	x

Brian R. Niccol

Chief Executive Officer,
Chipotle, Inc.

Maryrose T. Sylvester

President and Chief Executive Officer, Current by GE	52	2016	x		x	x
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Jochen Zeitz

Co-Founder and Executive Chairman of B Team	54	2007	x	Wilderness Holdings Limited (2)	x	x
Former CEO & CFO of PUMA						

AFC: Audit and Finance Committee

HRC: Human Resources Committee

NCGC: Nominating and Corporate Governance Committee

SC: Sustainability Committee
- Member and Committee Chair

X - Member

(1) Levi Strauss & Co. has publicly-traded debt, but privately-held equity.

(2) Equity is traded on the Johannesburg Stock Exchange.

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PROXY SUMMARY

Item 2 To approve, by advisory vote, the compensation of our named executive officers

Our Board unanimously recommends that you vote **FOR** this proposal.

Our executive compensation goals and guiding principles emphasize pay-for-performance. We base several elements of our compensation upon delivering high levels of performance relative to performance measures that the Human Resources Committee has approved. For example, (i) the annual Financial Short-Term Incentive Plan (STIP) and the performance shares require that we achieve financial performance before recipients are entitled to this compensation; and (ii) the equity component of our compensation program provides greater financial benefits when our stock price is increasing. Our goals and guiding principles are as follows:

Create and reinforce pay-for-performance | Reward exceptional performance with increased compensation, while delivering reduced or no incentive pay when we do not achieve performance expectations.

Encourage both the desired results and the right behaviors | Strike a balance to reward the delivery of near-term results that drive long-term performance, while incorporating risk-mitigating features to ensure the compensation program does not encourage excessive or inappropriate risk-taking.

Align the interests of management with the interests of shareholders | Deliver a significant portion of executive compensation in equity-based awards, with required minimum stock ownership guidelines designed to appropriately focus our management on long-term, sustainable growth and increasing share price.

Ensure our performance goals and measures align with our strategy and operating plan | Set performance goals that are challenging yet achievable during the applicable performance period and align with our long-term strategic objectives.

Set target compensation at the 50th percentile plus or minus 20% | Set target compensation with reference to the 50th percentile of our compensation peer group for target performance to help us remain competitive among our

peers and in our industry in attracting and retaining top executive talent.

STRENGTHENING THE LINK BETWEEN PAY AND PERFORMANCE

Beginning in 2016 and continuing for 2018, we moved to further strengthen the link between compensation and performance. In 2016, we modified several elements of our executive compensation program by increasing the amount of compensation that is classified as performance-based and reconfigured our long-term incentive plan to better align long-term executive rewards with long-term shareholder value. Examples include eliminating the use of stock options and our cash-based long-term incentives and introducing performance shares, which only create value to the executive when, at a minimum, we attain threshold performance over a three-year performance period. Currently, each named executive officer receives 67% of their long-term incentive award in the form of performance shares. For 2017, we set the maximum payout under the performance share awards at 200% of target rather than the maximum 300% of target that we used in 2016.

Item 3 To approve the Amended and Restated Harley-Davidson, Inc.

Director Stock Plan.

Our Board unanimously recommends a vote **FOR** approval of the Amended and Restated Harley-Davidson, Inc. Director Stock Plan.

We are asking shareholders to approve the Amended and Restated Harley-Davidson, Inc. Director Stock Plan (the Amended Director Stock Plan), which is an amended and restated version of the Harley-Davidson, Inc. Director Stock Plan, as amended and restated effective December 1, 2014 (the Current Director Stock Plan). The Board approved the Amended Director Stock Plan on February 2, 2018, subject to shareholder approval.

The Amended Director Stock Plan includes the following principal amendments to the Current Director Stock Plan:

Increase Authorized Share Amount. When shareholders approved the Current Director Stock Plan, the plan allowed us to issue 300,000 shares of common stock. As of March 8, 2018, only 33,466 shares remained available for issuance under the Current Director Stock Plan because 266,534 shares have been issued since shareholders approved it. If shareholders approve the Amended Director Stock Plan at the Annual Meeting, they would be approving an increase in the number of shares of our common stock available for issuance by 316,534 shares, resulting in 350,000 shares available for issuance after that approval.

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PROXY SUMMARY

Annual Compensation Limit. The Current Director Stock Plan does not limit the amount of annual compensation that we may pay to a nonemployee director for service on the Board. The Amended Director Stock Plan would provide for an annual limit of \$1,000,000 for all compensation paid to a nonemployee director, including the value of equity awards, annual retainer fees and other cash compensation.

Item 4 To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

Our Board unanimously recommends a vote **FOR** ratifying the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

We will also take action upon any other business as may properly come before the 2018 Annual Meeting and any adjournments or postponements of that meeting.

The Board of Directors or proxy holders will use their discretion on other matters that may arise at the 2018 Annual Meeting.

HARLEY-DAVIDSON, INC. *2018 Proxy Statement*



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PROXY STATEMENT

PROXY

STATEMENT

3700 West Juneau Avenue Milwaukee, Wisconsin 53208

March 29, 2018

The Board of Directors of Harley-Davidson, Inc. requests the proxy accompanying this Proxy Statement for use at the 2018 Annual Meeting of Shareholders to be held at the Harley-Davidson Museum, 400 West Canal Street, Milwaukee, Wisconsin, on Thursday, May 10, 2018 at 3:00 p.m., Central Daylight Time, and at any adjournment or postponement of that meeting (the Annual Meeting).

We first mailed the Notice of Internet Availability of Proxy Materials to shareholders on March 29, 2018. The Notice of Internet Availability of Proxy Materials instructs shareholders and beneficial owners of our Common Stock on how they may access our proxy materials, which include our Proxy Statement and 2017 Annual Report on Form 10-K, via the internet. You will not receive a printed copy of the proxy materials unless you request to receive these materials by following the instructions we provide later in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials. Instead, the Notice of Internet Availability of Proxy Materials will instruct you on how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs how you may submit your proxy via the internet, mail or telephone, or in person at the Annual Meeting. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions we provide later in this Proxy Statement.

As used in this Proxy Statement, we, our, the company or Harley-Davidson refers to Harley-Davidson, Inc. We operate in two business segments: the motorcycles and related products segment and the financial services segment.

HDMC refers to our motorcycles and related products segment subsidiaries, which include the companies that do business as Harley-Davidson Motor Company. HDFS generally refers to our financial services segment subsidiary, which includes Harley-Davidson Financial Services, Inc. and its subsidiaries.

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PROPOSALS TO BE VOTED ON

PROPOSALS TO BE VOTED ON

PROPOSAL 1: ELECTION OF DIRECTORS

Shareholders will elect ten directors at the 2018 Annual Meeting. We have significantly refreshed our Board of Directors since the 2016 annual meeting of shareholders. Four of the director nominees – Ms. Sylvester and Messrs. Alstead, Golston and Niccol – became directors after the 2016 annual meeting of shareholders and before the 2017 annual meeting of shareholders.

Our Restated Articles of Incorporation provide for a Board of Directors that has between six and fifteen members. The Board determines the size from time to time by the vote of a majority of the current directors. The entire Board is elected annually. The Board currently consists of ten members with terms that expire at the Annual Meeting.

Our By-laws have a majority vote standard for the election of directors. Because this is an uncontested election, the number of votes cast favoring each director nominee’s election must exceed 50% of the total number of votes cast with respect to that nominee’s election, including any votes withheld, for shareholders to elect the nominee. Any shares not voted, whether due to abstentions or broker non-votes, will not have an impact on the election of directors.

Unless you specify otherwise in your proxy, the persons you appointed will vote your shares FOR the Board of Directors’ nominees that we name below. If any nominee becomes unable to serve, the persons you appointed may vote your shares for another person that the Board designates.

Identified on the following pages are the ten director candidates that the Board of Directors has nominated. All ten nominees have advised us that they will serve if elected. We provide the following information for each nominee of the Board of Directors:

name;

age as of March 8, 2018;

principal occupations for at least the past five years;

the names of any other public companies or relevant private companies where the nominee or director currently serves as a director or has served during the past five years; and

the particular experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a director for the company.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE
FOR THE FOLLOWING TEN NOMINEES OF THE
BOARD
OF DIRECTORS.**

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PROPOSALS TO BE VOTED ON

BIOGRAPHICAL INFORMATION, SKILLS AND QUALIFICATIONS

Summary of 2018 Director Skills, Qualifications, and Experience

The Board believes that all of the directors are highly qualified and have specific employment and leadership experiences, qualifications, and skills that qualify them for service on the Board, including significant experience leading business strategy. Our directors have diverse backgrounds, experience and board tenure, and possess many different and valuable skills and qualifications. This all supports the Board’s responsibility to drive strategy, assess performance, and engage with and challenge management.

Below is a matrix and definition of the experience, skills and qualifications the Board has identified as important for determining whether each nominee should serve on the Board in light of the company’s business and strategic direction. The matrix identifies the skills and qualifications that each director possesses. The section just below the matrix defines each of the skills and qualifications and describes why each skill and qualification is important. The biographies for each director describe in more detail the relevant experience, qualifications, attributes and skills of the director.

Skills / Qualifications*	Alstead	Anderson	Cave	Golston	Levatich	Levinson	Linebarger	Niccol	Sylvester	Zeitz
Branding and Consumer Marketing										
Engineered Product Development										
Finance/Accounting										
International Business										
Manufacturing/Operations Management										
Public Company Leadership and Board Experience										
Retail										
Strategic Leadership										
Technology/Digital										

*The following definitions and reasoning were used in the skills/qualifications matrix:

1. **Branding and Consumer Marketing** - experience at an executive level with customer creation, brand innovation, and go-to-market strategy and execution. This is relevant to the company as it seeks to develop and strengthen its brand, premium position and entry into new markets.
2. **Engineered Products Development** - experience leading a business or company in which value is created from the development of complex products or technology. This is important to the company because it sells a complex, highly engineered product that supports its premium position in the market.
3. **Finance/Accounting** - experience at an executive level or expertise with financial reporting, internal controls, finance companies or public accounting. This is relevant to the company because it assists our directors in understanding our financial statements, understanding our capital structure, and overseeing our financial reporting and internal controls.
4. **International Business** - experience at an executive level overseeing international operations or working outside the U.S. This is important as the company continues to grow its international business.
5. **Manufacturing/Operations Management** - experience at an executive level or expertise in managing a business or company that has significant focus on manufacturing and supply chain. This is relevant to assessing senior management's role of effectively and efficiently operating the company's production and logistics operations.
6. **Public Company Leadership and Board Experience** - experience as a public company board member, or as CEO or other executive position with significant interaction with a public company's board of directors. This experience is important to give insight about strategic leadership, and appointing, overseeing, and assessing the leadership of the company.
7. **Retail** - experience at an executive level creating and managing channels of distribution, customer experience, product mix, product pricing, and product promotion in both digital and analog environments. This is relevant to providing vision and direction for the company's sales and distribution channels.
8. **Strategic Leadership** - experience at an executive level driving strategic direction and growth of an enterprise. This provides directors with a practical understanding that can be used to evaluate management's strategies and help develop strategies.
9. **Technology/Digital** - experience at an executive level or expertise in the use of information technology, digital media or other technology to facilitate business objectives. This is important for the company as it looks for ways to use technology to acquire customers and enhance its internal operations.

DIRECTOR TENURE:

DIRECTOR AGE:

DIRECTOR GENDER & RACE:

HARLEY-DAVIDSON, INC. *2018 Proxy Statement*

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SUMMARY OF 2018 DIRECTOR DIVERSITY

Nominees of the Board of Directors

TROY ALSTEAD

Mr. Alstead is the founder, President and Chief Executive Officer of a new social concept Ocean5, and a restaurant Table 47, both of which opened in 2017. In 2016, Mr. Alstead retired from Starbucks Corporation, a global purveyor of coffee and coffeehouse experience, after 24 years with the company, having most recently served as Chief Operating Office

Age: 54

Director since
February 2017

Committees: *Audit
and Finance
Committee (Chair),
Nominating and
Corporate
Governance
Committee*