

# Case Study



## Harley-Davidson, Inc.

### Reaping the benefits of a Direct Stock Purchase Plan

For beneficial shareholders and first time investors, buying stock through brokers can be costly and onerous. There are, on top of broker commissions, high membership fees and unwieldy account “tiers” based on how actively you trade.

Realizing that buying company stock should be more shareholder-friendly, Harley-Davidson decided to offer a Direct Stock Purchase Plan with the help of its transfer agent, Computershare.

#### Company Profile

Harley-Davidson is the only major US maker of motorcycles and the number one seller of heavyweight motorcycles. The company offers over 35 models of touring and custom motorcycles through a worldwide network of more than 1,300 dealers.

Harley-Davidson is based in Milwaukee, Wisconsin and operates worldwide. It has over 9,000 employees. The company operates in two segments—Motorcycles and Related Products, and Financial Services. While the main business focuses on the manufacturing and production of motorcycles, the Financial Services segment engages in financing and servicing wholesale inventory receivables and consumer retail loans primarily for the purchase of motorcycles in the United States, Canada, and Europe.

#### Business Challenge

Harley-Davidson wanted to make investing easier for its shareholders and first time buyers. In addition to eliminating broker fees for initial investors, Harley-Davidson wanted to offer its current shareholders the ability to reinvest all or a portion of their dividends in company stock. They wanted to provide flexible options for enrolling, buying and selling shares, as well as maximize optional cash purchases up to \$25,000.

**DSPPs are a great way to broaden your shareholder base and help attract loyal investors. It is a means of building pride of ownership in your shareholders.**

### Here's some more benefits of DSPPs:

- **Improves shareholder satisfaction.** Individual shareholders perceive these programs as a tangible benefit, resulting in increased overall shareholder satisfaction.
- **Helps boost sales and marketing.** Your company can promote your products and services to plan participants, and run marketing campaigns that target specific shareholders.
- **Helps build customer loyalty.** Registered shareholders develop and retain an affinity for the company's products and services.
- **A cost-effective means of raising capital.** Companies manage their capital formation by alternating discounts to the purchase price with open-market purchases. You can alter the flow of capital without incurring expensive underwriting fees.

### Solution

In June 2003, Harley-Davidson formalized the offering of its Computershare-sponsored direct stock purchase plan.

Computershare helped Harley-Davidson design and implement the plan, including communicate and promote it to shareholders. Shareholders responded well to the following plan features:

- **Open eligibility.** The plan is open to the public, enabling first-time investors to purchase shares without going through a broker.
- **Full or fractional share dividend reinvestment.** Shareholders can use their dividend payouts to purchase more stock. When a dividend is not large enough to buy a whole share, a fractional share computed to three decimal places is credited to the shareholder's account. Fractional shares start earning dividends with the next dividend payment—just the way full shares do, compounding investment value.
- **Flexible options.** Shareholders can opt for automatic monthly deductions from their bank account, make optional cash investments or check purchases, or combine different payment modes. They also have the choice of performing these transactions online, round the clock, via [www.computershare.com](http://www.computershare.com) or through the IVR.
- **Convenient account reporting.** Any share activity made through the plan is automatically recorded in the shareholder's account. They receive current and year-to-date statements, including purchases, sales, dividend payments and current account balances. They can also view their statements online or check their balances through the IVR.

### Results

- A year after the plan's implementation, average monthly enrollment increased by 3%, expanding Harley-Davidson's individual share ownership
- Self-service options through the Web and the IVR continue to be convenient and cost-effective for shareholders as it eliminates the need to go through brokers