

**HARLEY-DAVIDSON, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME** <sup>(1)</sup>

Unaudited

( IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>TOTAL</u>
Motorcycles and related products revenue	\$ 1,195,637				
Gross profit	347,439				
Selling, administrative and engineering expense	225,428				
Restructuring expense	13,630				
Operating income from motorcycles & related products	108,381	-			
Financial services revenue	188,743				
Financial services expense	130,012				
Operating income from financial services	58,731				
Operating income	167,112				
Other income (expense), net	4,660				
Investment income	6,358				
Interest expense	7,731				
Income before income taxes	170,399				
Provision for income taxes	42,454				
Net income	<u>\$ 127,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	127,945	-	-	-	-
Earnings per common share:					
Basic	\$ 0.80				
Diluted	\$ 0.80				
Weighted-average common shares:					
Basic	159,311				
Diluted	160,026				
Cash dividends per common share	\$ 0.375				

<sup>(1)</sup> See note regarding the adoption of new accounting standards below.

Harley-Davidson, Inc.  
Reconciliation of GAAP amounts to Non-GAAP amounts  
(In thousands, except per share amounts)

(Unaudited)

	Q1	Q2	Q3	Q4	TOTAL
<u>Net income excluding restructuring plan costs and the impact of incremental tariffs</u>					
Net income (GAAP)	\$ 127,945				
Restructuring plan costs	17,210				
Impact of incremental tariffs	20,977				
Tax effect of adjustments <sup>(1)</sup>	(9,260)				
Adjustments net of tax	28,927				
Adjusted net income (Non-GAAP)	\$ 156,872				
 <u>Diluted earnings per share excluding restructuring plan costs and the impact of incremental tariffs</u>					
Diluted earnings per share (GAAP)	\$ 0.80				
Adjustments net of tax, per share	0.18				
Adjusted diluted earnings per share (Non-GAAP)	\$ 0.98				

<sup>(1)</sup> The income tax effect of adjustments has been computed using the company's effective income tax rate excluding discrete items.

Adoption of New Accounting Standards

On January 1, 2018, the Company adopted the following new accounting standards updates (ASUs).

ASU 2014-09 Revenue from Contracts with Customers was adopted using the modified retrospective method. As a result, the Company recorded a \$6.0 million increase to the opening balance of retained earnings as of January 1, 2018.

ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash was adopted on a retrospective basis. As a result, the change in restricted cash has been excluded from financing activities and included in the change in cash, cash equivalents and restricted cash and the prior period has been recast to reflect the new presentation.

ASU 2017-07 Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost was adopted on a retrospective basis. As a result, the non-service cost components of net periodic benefit cost have been presented in Other income (expense), net and the prior period has been recast to reflect the new presentation.