

**HARLEY-DAVIDSON ERS
IMPLEMENTATION GUIDE
& SUPPLIER ACKNOWLEDGMENT**



**EVALUATED RECEIPTS SETTLEMENT
(ERS)**

TABLE OF CONTENTS

INTRODUCTION.....	3
HARLEY-DAVIDSON ERS PROCESS.....	4
PURCHASING REQUIREMENTS.....	5
RECEIVING/SHIPPING REQUIREMENTS.....	6
PAYMENT REQUIREMENTS.....	7

INTRODUCTION

Harley-Davidson focuses on improving processes that are mutually beneficial to both Harley-Davidson and its suppliers.

Evaluated Receipts Settlement (ERS) will eliminate the need for suppliers to prepare and furnish an invoice in settlement of the sale of goods by the Supplier to Harley-Davidson. Suppliers will be paid based on the quantities received using Supplier provided Advance Shipment Notices (ASN) or packing slip numbers at the unit price established on the relevant purchase orders or schedule agreements in place with Harley-Davidson.

This document presents Harley-Davidson's ERS process.

REQUIREMENTS

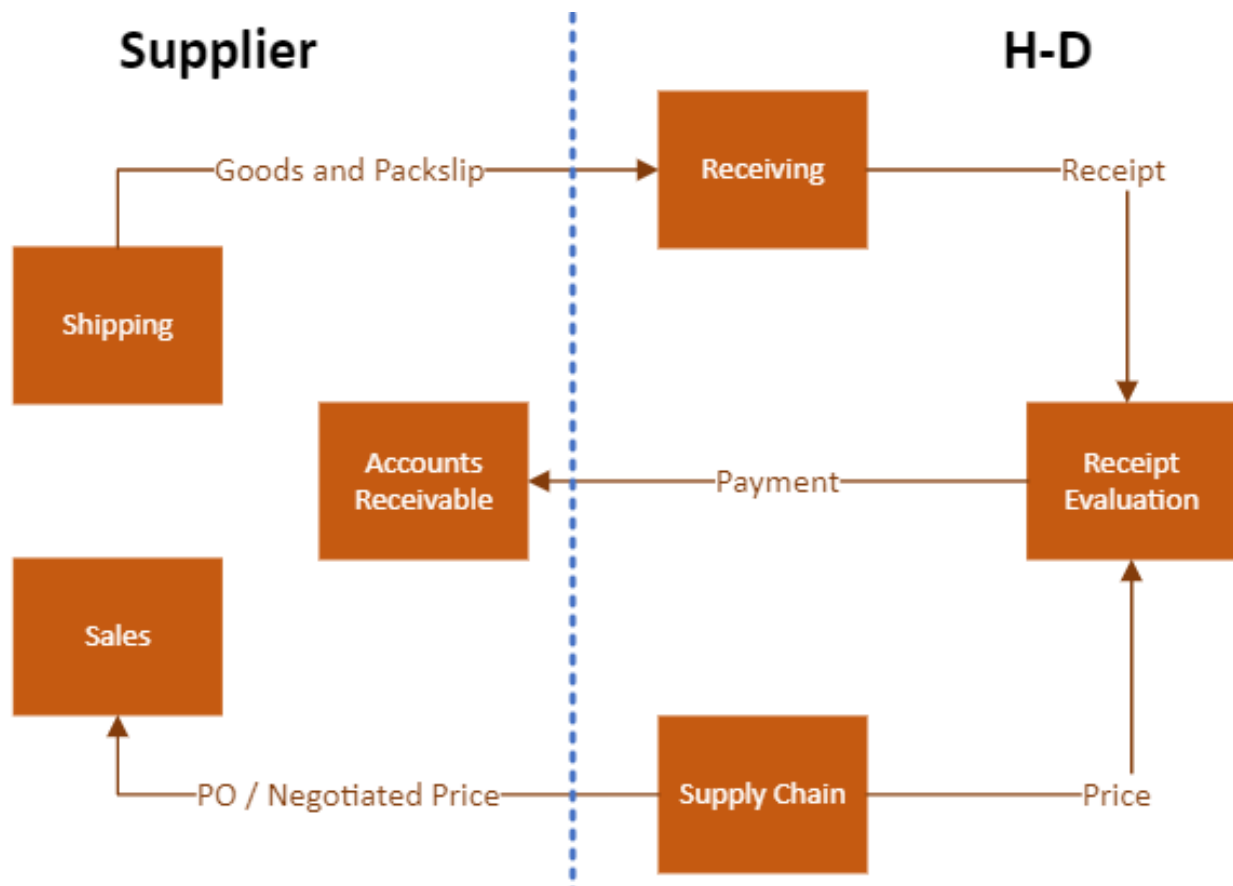
- Aligned pricing between H-D purchase order / schedule agreement pricing and stated supplier pricing
- ASN's submitted on time (without IDOC errors)
- Suppliers follow all Packaging and Labeling requirements as listed in Doing Business with Harley-Davidson on H-DSN.com

BENEFITS

ERS creates efficiencies and time savings within the payment cycle with suppliers. Benefits include:

- 1.) Reduced labor associated with loading and processing invoices for both supplier and H-D.
- 2.) Automation leads to more accurate transactions and fewer payment and processing discrepancies.
- 3.) Reduces likelihood of past due payments.
- 4.) Improved supplier relationships due to timely payments.
- 5.) ERS allows us focus on out-of-the-ordinary exceptions and discrepancies, rather than spending time on routine, straightforward transactions.

HARLEY-DAVIDSON ERS PROCESS



The figure above describes Harley-Davidson's ERS payment process. Since ERS eliminates invoices from the payment process, the key to the success of this process is complete and accurate purchase order or schedule agreement details.

Once the purchase order or schedule agreement has been established, material requirements are released to the supplier. When the supplier ships these materials to Harley-Davidson, receipt information is entered into Harley-Davidson's receiving system based on the information from the Supplier's ASN or packing slip. Quantities received are extended by the unit price on the purchase order or schedule agreement and the supplier is paid according to the PO or schedule agreement payment terms. Suppliers should note that payments are made based off receipt date and not ship date or former invoice date.

No invoices are necessary.

Since Supplier payment will now be based on the receipt information, the second key to the success of ERS is a complete and accurate ASN or packing slip.

PURCHASE ORDERS / SCHEDULE AGREEMENTS REQUIREMENTS

Under ERS, the unit price on the purchase order or schedule agreement is the basis for all supplier payments for production materials shipped to Harley-Davidson. To maximize the efficiency of ERS, the purchase order and schedule agreement pricing must be aligned with supplier pricing. This will prevent short- and over-payments.

SUPPLEMENTARY CHARGES

The following supplementary charges, if applicable under the parties’ supply agreement or terms and conditions, must be invoiced with an FI invoice and electronically sent to H-D Accounts Payable. ERS does not cover these charges.

Freight Charges	Surcharges
Tooling and Fixtures	Testing
Returnable Containers	Expendable Packaging

Suppliers who have supplementary charges should contact their Harley-Davidson Global Supply Chain Professional for resolution on the handling of these items.

ASN and/or PACKING SLIP INFORMATION

An ASN and packing slip must be provided with all incoming orders to Harley-Davidson. These must include the following details:

Harley-Davidson Part Number	Packing Slip Number
Ship Date	Quantity Shipped
Purchase Order or Schedule Agreement Number	

Any missing data will adversely impact Harley-Davidson's ability to reconcile payments and will likely cause delays.

MISSING ASN's and/or PACKING SLIPS

Suppliers will not be paid unless an ASN and packing slip is provided with all incoming material to Harley-Davidson. If material from your company arrives at Harley-Davidson without an ASN and packing slip, you may be contacted and asked to re-send the ASN and/or packing slip.

RECEIVING DISCREPANCIES

Receiving discrepancies caused by incorrect entry of packing slip information or ASN and/or packing slip errors will be recorded as adjustments to original ASN and/or packing slip information. When payment is made, these adjustments will appear in the remittance with the ASN and/or packing slip number.

PAYMENT DUE DATE CALCULATION

Payment due dates are calculated using the material RECEIPT DATE as recorded by Harley-Davidson.

Supplier Acknowledgement:

By and on behalf of _____ (Supplier Entity Name)

_____ (Authorized Signature)

Name:

Title:

Date: