

Harman International – FY 09 Highlights

2009 Credit Suisse Automotive & Transportation Conference



Dinesh Paliwal
Chairman and CEO



BECKER



dbx
PROFESSIONAL PRODUCTS

harman/kardon

Infinity

JBL

lexicon

mark Levinson

ONX
AND SOFTWARE SYSTEMS

Soundcraft
STUDER

Forward-Looking Information

Except for historical information contained herein, the matters discussed are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act. One should not place undue reliance on these statements. We base these statements on particular assumptions that we have made in light of our industry experience, as well as our perception of historical trends, current market conditions, current economic data, expected future developments and other factors that we believe are appropriate under the circumstances. These statements involve risks and uncertainties that could cause actual results to differ materially from those suggested in the forward-looking statements, including but not limited to (1) our ability to successfully implement our strategic initiatives, including our STEP Change cost reduction initiatives, and to achieve the intended benefits and anticipated savings of those initiatives; (2) automobile industry sales and production rates and the willingness of automobile purchasers to pay for the option of a premium audio system and/or a multi-function infotainment system; (3) changes in consumer confidence and spending and worsening economic conditions worldwide; (4) customer acceptance of our consumer and professional products; (5) the bankruptcy or financial deterioration of one or more of our major customers or suppliers; (6) the loss of one or more significant customers, including our automotive manufacturer customers, or the loss of a significant platform with an automotive customer; (7) changes in interest rates and availability of financing affecting corporate and consumer spending, including the effects of continued volatility and further deterioration in the financial and credit markets; (8) fluctuations in currency exchange rates, particularly with respect to the value of the U.S. dollar and the euro, and other risks inherent in international trade and business transactions; (9) warranty obligations for defects in our products; (10) our ability to satisfy automotive contract performance criteria, including our ability to meet technical specifications and due dates on new platforms, at expected profit margins; (11) competition in the automotive, consumer or professional markets in which we operate, including pricing pressures in the market for personal navigation devices; (12) our ability to achieve cost reductions and other benefits in connection with the restructuring of our manufacturing, engineering and administrative organizations; (13) model-year changeovers and customer acceptance in the automotive industry; (14) our ability to enforce or defend our ownership and use of intellectual property; (15) our ability to maintain a competitive technological advantage within the systems, services and products we provide into the market place; (16) our ability to effectively integrate acquisitions made by us or manage restructuring and cost migration initiatives; (17) our ability to comply with financial or other covenants in our long-term debt agreements; (18) limitations on our ability to borrow funds under our existing credit facilities; (19) valuation of certain assets, including goodwill, investments and deferred tax assets, considering recent market conditions and operating results; (20) strikes, work stoppages and labor negotiations at our facilities or at a facility of one of our significant customers, or work stoppages at a common carrier or a major shipping location; (21) commodity price fluctuations; (22) availability of key components for the products we manufacture; (23) the outcome of pending or future litigation and other claims, including, but not limited to the current stockholder and ERISA lawsuits; and (24) other risks detailed in Harman International's Annual Report on Form 10-K for the fiscal year ended June 30, 2009 and other filings made by Harman International with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statement.





Huge Competitive Win at Daimler!

H Harman International
Press Release

September 9, 2009 – Harman International Industries, Incorporated (NYSE: HAR) announced today that it has been selected by Daimler AG to provide the next generation COMAND infotainment system for the automaker's new Mercedes Benz S-Class and C-Class.






Core Businesses | **FY '09 Rev ~\$2.9 B** | **10,000 Employees**

<p>Automotive Infotainment</p> <p>✓ Global Leader</p>	<p>Automotive Audio</p> <p>✓ Global Leader</p>	<p>Professional Audio</p> <p>✓ Global Leader</p>	<p>Consumer Audio</p> <p>Niche Player</p>
			
<p>Navigation, Multimedia Telematic & Connectivity for a premium driving experience</p> <p>\$1,577M</p>	<p>Branded audio for high quality automotive sound installed by OEMs</p> <p>\$465M</p>	<p>Audio and networking for recording/ broadcast, sports and entertainment</p>	<p>Audio, video, storage and multimedia products for the home and on the go</p>
<p>Automotive Division \$2,042M</p>		<p>Professional Division \$493M</p>	<p>Consumer Division \$356M</p>

Professional Brand/Product Overview – \$493M FY09 Sales

Brands / Technologies	
	Microphones Headphones
	Digital Signal Processing
	Digital Amplification
	Digital Signal Processing
	Speakers
	Digital Signal Processing
	Mixing Consoles
	Proprietary Systems Protocol

End Markets	Customers
Installed Sound	 
Portable PA	 
Recording & Broadcast	  
Tour Sound	 
Musicians	 
Cinema Sound	  

Provides premium niche solutions for home, mobile and multimedia - \$356M in FY09 Sales

harman/kardon



mark
LEVINSON



iPhone

amazon.com



- Harman Kardon HKTS 15 ranked No. 1 by Consumer Reports in 5.1-channel system category
- New partnership established with fashion leader Roxy for co-branded personal audio products
- Mark Levinson 53 amplifier earns “Stereo Sound Grand Prix Award” from Japan’s leading audiophile magazine
- AKG consumer products premiere in the US and form new retail partnership at *Airport Wireless* stores
- Expanded partnerships with Apple for iPod and iPhone accessories
- Dedicated shopping portal expanded for Harman products with leading online retailer *Amazon.com*
- European Imaging and Sound Association selects the JBL LS80 as Loudspeaker of the Year
- Harman channel partners opened the largest multimedia retail outlets in Dubai and India, anchored by our products

De facto Operating System for premium infotainment



- 2010 Range Rover model begins shipment with instrument cluster based on QNX Neutrino operation system
- QNX deployed in Harris Corporation’s Falcon III tactical radios, the first and only radio to be certified for Architecture of the Joint Tactical Radio System.
- QNX featured as premier software provider in cutting edge Alcatel-Lucent NG Connect Program
- QNX Fast Boot Technology received “Award of Excellence”, Most Innovative Software for Intel Atom Processor
- Singapore Land Transport Authority selects QNX technologies for remote diagnostics and fare monitoring on 3500 buses
- Pandora Internet Radio joins the QNX Connected Automotive Reference (CAR) program for technology integration
- QNX leadership honored for its contributions at the 2009 Telematics Detroit and Embedded Systems Conferences

Harman Automotive Overview – \$2,042M FY09 Sales

Infotainment systems

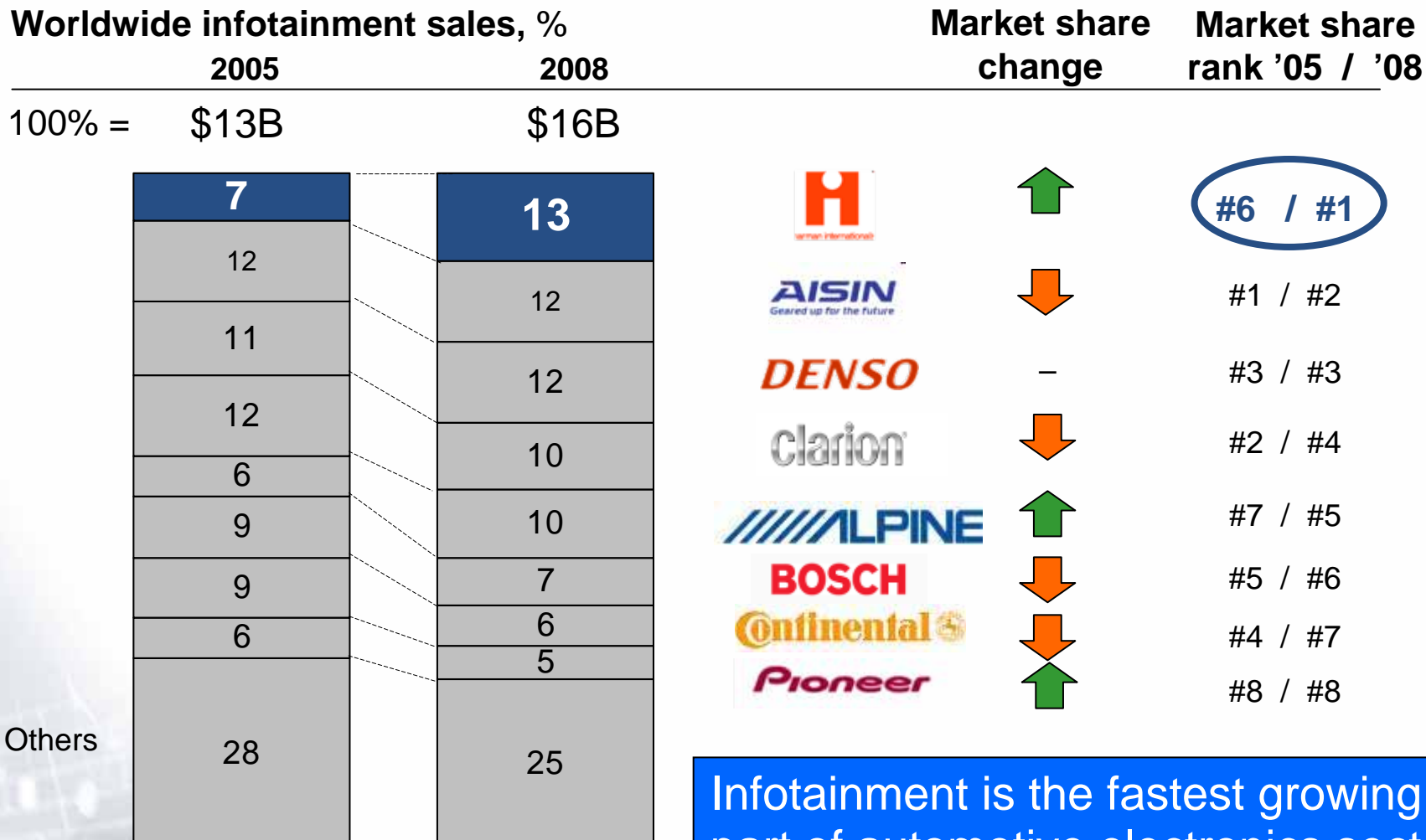


Harman sets the standard in premium infotainment

- High-speed HDD/DVD/CD based navigation systems
- Speech dialog systems
- Analog/digital TV tuners and complete DVD front and rear seat entertainment systems
- Radios with advanced tuner reception technologies (2-RDS-Diversity, satellite radio SDARS)
- Multimedia systems (DVD-Audio, DVD-Video, CD, MP3)
- Telephone and integrated telematics systems (Internet, WAP, e-mail, SMS, Bluetooth)
- Optical and electrical vehicle BUS systems (MOST, D2B and CAN)

Harman is developing the world's most complex and feature-rich infotainment systems

Harman is the fastest growing infotainment supplier and leapfrogging competition with ~\$10 billion in awarded business



Infotainment is the fastest growing part of automotive electronics sector

Roadmap to maintain market leadership

1 Scalable high infotainment system architecture

- Address new system requirements for BMW and Audi next-generation systems
- Provide scalable CPU & graphics performance within the high system market

2 New mid range infotainment system to address broader market segment

- Mid range cost effective system based on integrated ARM system-on-chip

3 Open standard based media bus technology

- MOST roadmap is limited to 150 Mbps
- Ethernet AVB media network architecture

4 Low power “GreenEdge” infotainment systems

- Hybrid and electric vehicles demand strict power management
- Collaboration with Intel and Texas Instruments to design low-power solutions

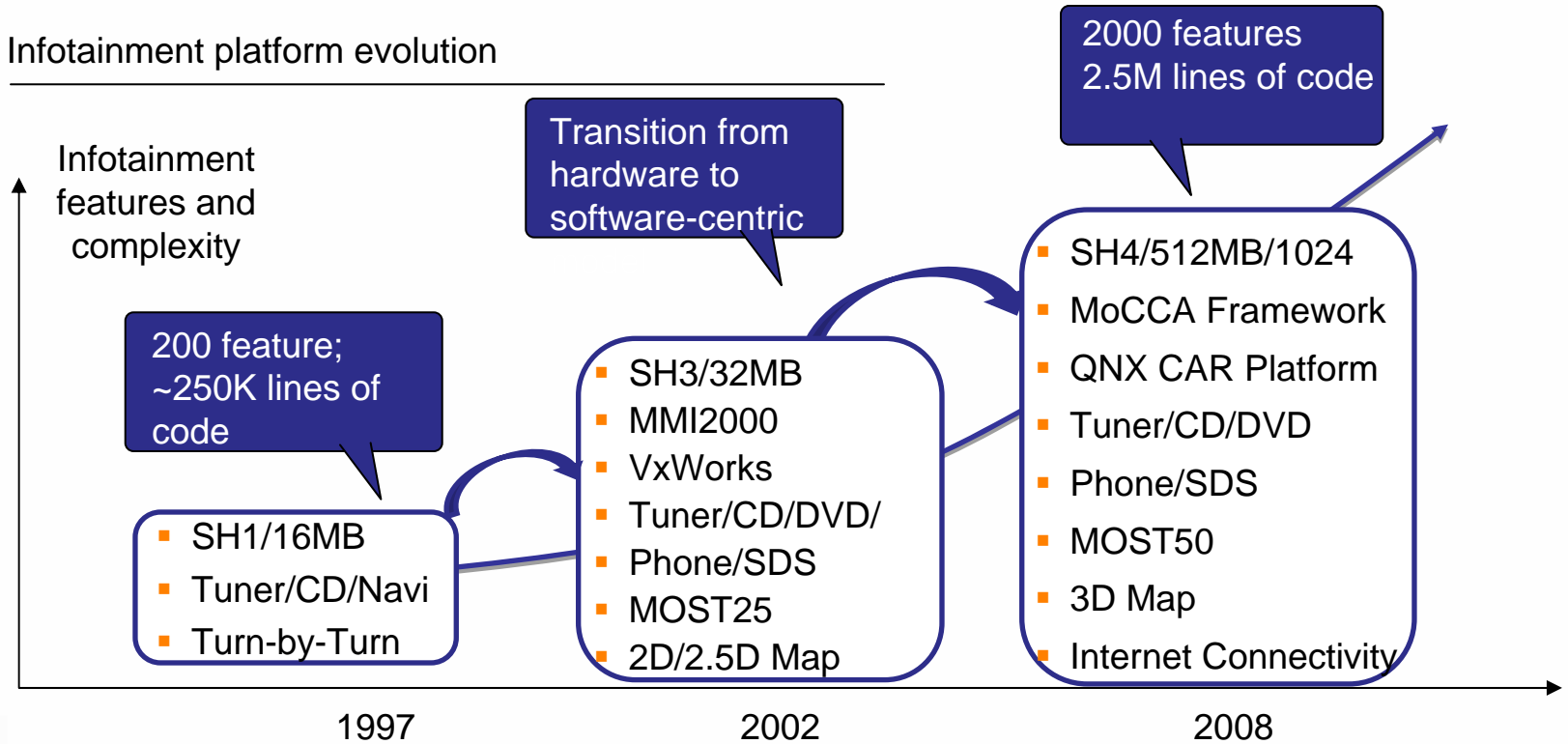
5 New navigation capabilities

- Advanced features such as EcoRoute, PSI database, & Augmented Navigation

6 Unparallel audio technology leadership

1 System design and integration capabilities

Infotainment platform evolution



- Harman is at forefront of Premium infotainment system evolution
- The most integrated system platform in the industry

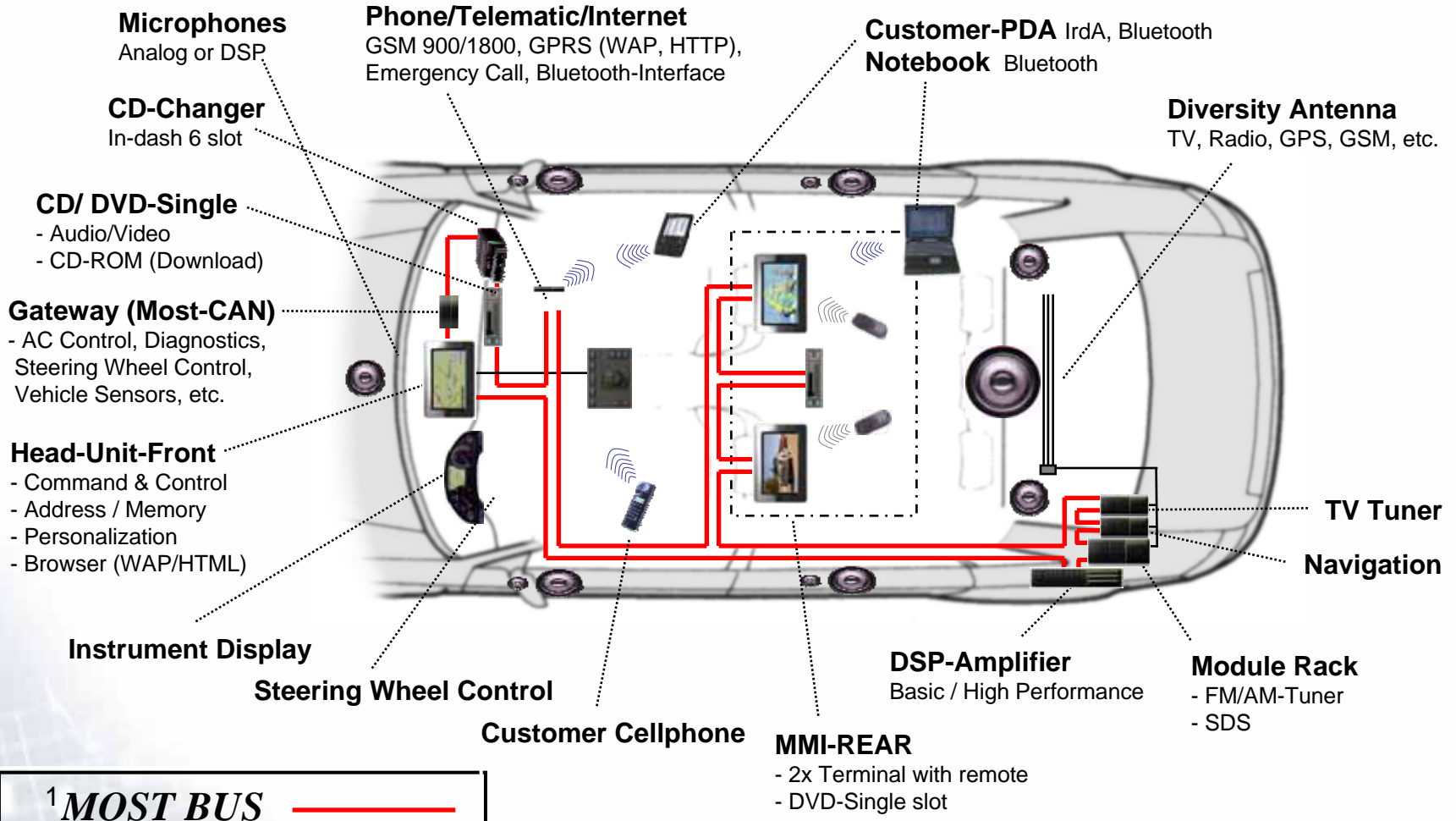
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'Project Eagle' debut ahead of schedule - Scalable, Next-Generation Infotainment System

- ~ \$5 billion new market opportunity
- Complete infotainment features at competitive price
 - Target Upper & Lower Mid segments
- More advanced features than competition
 - Voice recognition
 - Video playback
 - Dynamic user interface
 - Internet connectivity
- Leverage partnerships in High system
- System available fall 2009
 - Started customer previews



3a Harman is the Leader in Automotive Media Networking



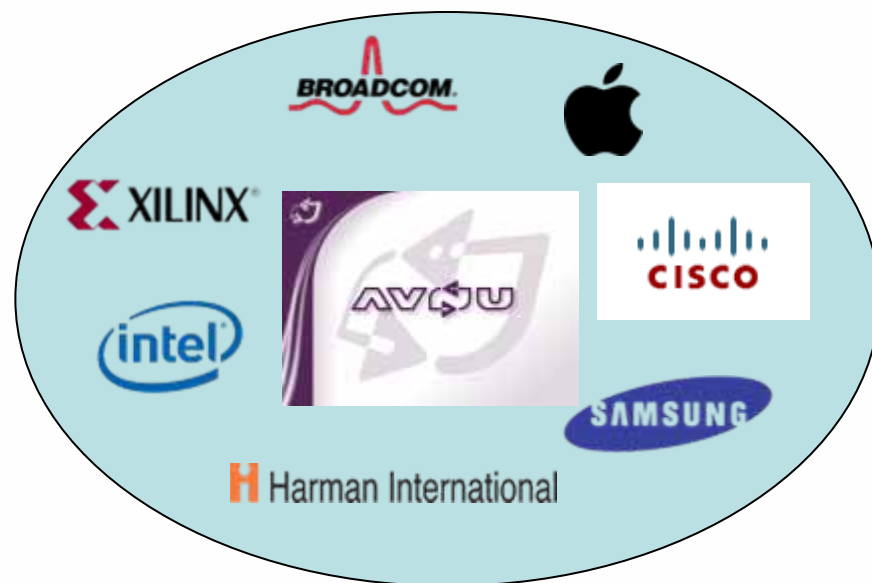
¹ MOST = Media Oriented Systems Transport; the *de facto* open media bus standard for hi-end audio and infotainment systems

3b

Now leading the development of Next Generation Media Networking

- Open standards solution for audio video network at reduced cost
- Delivers performance required for future systems
- Likely successor to MOST media network technology
- Harman is prototyping solutions for Automotive and Professional audio markets

Ethernet AV Consortium Key AVnu alliance members



**Harman is founding member
of the AVnu Alliance**

4

Advanced Solutions For Hybrid & Electric Car Segments



- GreenEdge Energy Efficiency initiative to reduce power consumption
 - Collaboration with Intel and Texas Instruments to develop low-power solutions
 - System software design based on QNX CAR for run-time power efficiency
 - Aligned with Harman high-efficiency, high-performance audio amplifier system
- Active Noise Management solutions for hybrid, electric and conventional vehicles through exclusive partnership with Lotus Engineering

5

Leader in Next-Generation Navigation Technology



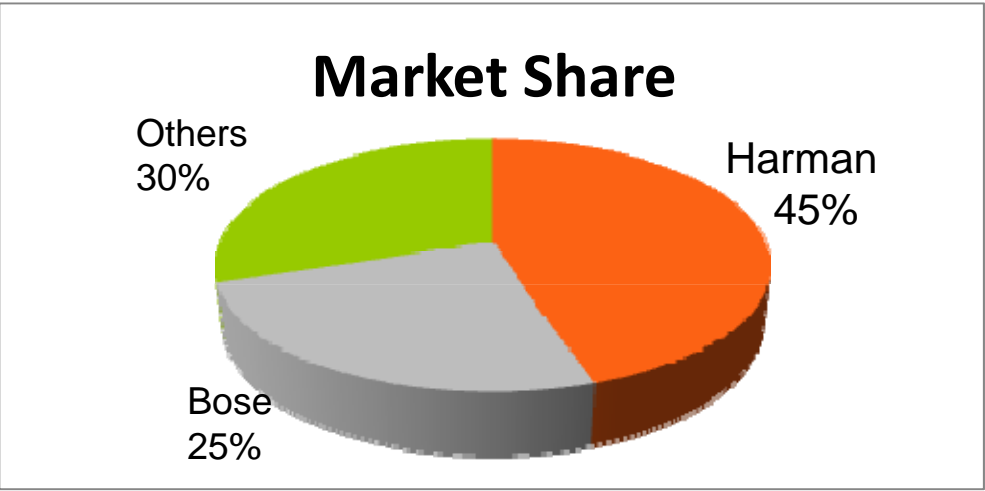
- Textured city maps for 3D rendering of city buildings and landmarks
- Fuel-efficient route calculation
- Incremental updates of navigation data (PSI initiative)
- Integration of navigation technology with camera image processing

6a Harman is the world leader in Branded Audio



Key Points

- 45% market share of worldwide market
- Used in over 200 car platforms by 12 OEMs
- Shipping over 2 million audio systems annually
- Broad portfolio of technologies to meet full market requirements
- Geographical growth, new technologies, & emerging high end systems



6b

Technology Innovation for Market Growth

Harman International
GREENEDGE™



High Efficiency Audio Systems

- Super high efficiency reduces power consumption by up to 75%
- Ideal solution for Hybrid and Electric vehicles
- Shown in the Prius at the Palms at CES
- Uses new 'HiE' high efficiency speakers
- High efficiency 'Powered by Crown' Class D power amplifier

















Noise Management Solutions

- Engine sound synthesis for electric & battery cars
- Address impending legislation on pedestrian safety
- Customized interior engine sound for hybrids
- Active noise cancellation for refined cabin sound
- Reduce weight and CO₂ emissions

Impeccable New Platform Launch Record



The largest project backlog ever for a supplier in our space

 RNEG Mid	 PCM3 High	 S-Class Facelift
 3G LowHigh	 E-Class Mid	
 Rüko Mid	 PCM3.1 High	
 W200 High	 VI High	
 NTG3 High	 NG4 High	
 PCM2.0 High	 RER High	 L6 High

FY 05	FY 06	FY 07	FY 08	FY 09
2 launches	0 launches	2 launches	7 launches	6 launches
<div style="border: 1px solid black; display: inline-block; padding: 2px;"> 13 New SOPs </div>				



iSuppli's world's most technologically advanced vehicle 2009: BMW 7 Series



Ferrari Technology Award 2008



North American Car of the Year 2009: Hyundai Genesis



Connect Magazine 2009 "Product of the Year": Harman Kardon BMW



Friendly User Award 2008: Porsche Communications Management System



Connect Magazine 2009 "Product of the Year": Audi MMI

Successful Execution and Technology Leadership

H Harman International



- Successful launch of record 13 major audio and infotainment platforms for 8 different OEMs since start of FY 2008
- Harman-supplied Audi infotainment system awarded Product of the Year by Germany's *Connect* Magazine
- Harman-equipped BMW 7 Series named world's most technologically advanced new vehicle by analysts iSuppli
- Harman-equipped Hyundai Genesis Sedan named 2009 Car of the Year at the Detroit Auto Show
- Harman selected as Top Ten supplier to Daimler/Mercedes-Benz
- Full-line BMW MINI / Harman Kardon partnership announced to more than 30,000 enthusiasts at *MINI United* Festival 2009
- Launched infotainment system for new Ferrari California
- Exclusive partnership with Lotus Engineering to develop Active Noise Management applications for traditional and electric cars
- Launched Harman GreenEdge™ energy-efficient audio and infotainment solutions with Intel and Rinspeed Automotive

Launched \$400M STEP Change Cost Savings Program

Structural Changes ↔ **Reduced Overhead Cost** ↔ **Operational Excellence**

- Involves all business divisions
- Disciplined approach with online tracking of KPIs and milestones
- Full sustainable savings targeted by end of FY11

Program focus:

- Organizational Simplicity (e.g. realizing synergies between divisions)
- Supply Chain Excellence (e.g. design excellence, consolidating suppliers and leveraging global purchasing power)
- Footprint Optimization (e.g. optimizing engineering and production sites, consolidating locations and leveraging global cost)

Additional aggressive cost-saving measures were implemented to deal with the economic slowdown

Growing Footprint in High-Opportunity Emerging Markets

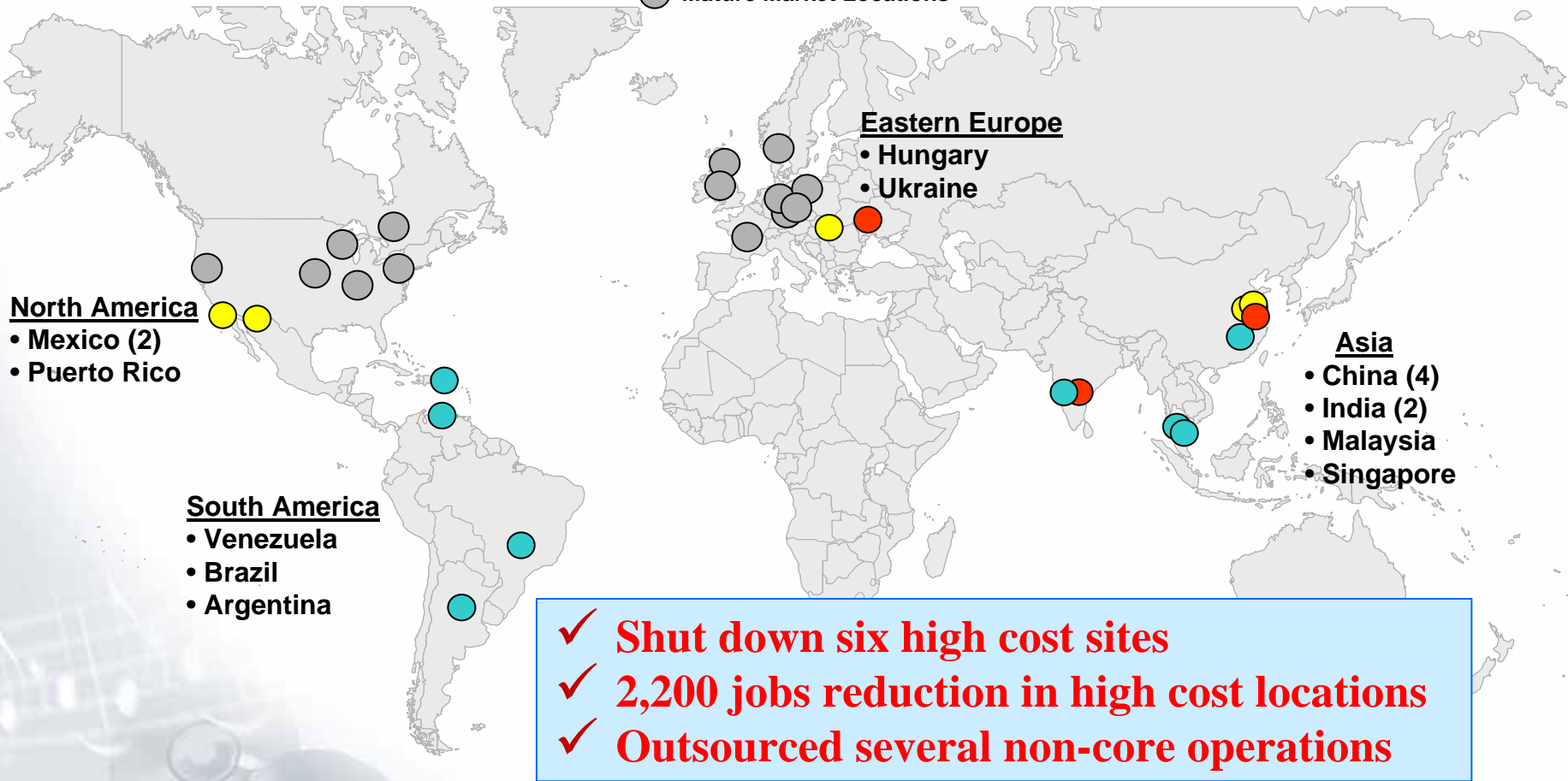
6 Emerging Market locations added, and 3 expanded, in last 2 years

● Manufacturing & Assembly (5)

● Sales/Service Facilities (8)

● Engineering & Technology (3)

● Mature Market Locations



Harman International – FY 09 Financials

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Herbert Parker
CFO



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Global Recession And Credit Crisis Impacted All Sectors

Automotive

- U.S. auto production down 49% Q4 and 36% Fiscal Year 2009
- European production down 25% Q4 and 27% Fiscal Year 2009
- New car sales generated by scrappage incentive programs were mostly in lower price “A” and “B” segment and had little effect on Harman sales

Consumer

- Consumer confidence remains cautious in most mature markets

Professional

- Some contractor-deferred projects are picking back up with recent increase in construction spending
- Specialty retailers keeping a tight watch on inventories, waiting for musician / consumer demand to improve

Source: J.D. Power and Associates

Recession Impacted All Three Business Divisions ...

Three Months Ending June 30, 2009

Harman Intl.

	Q4 09	Q4 08	Change
Sales	668	1,067	(37%)
EBIT	(34)	55	n.m.

Automotive

	Q4 09	Q4 08	Change
Sales	466	777	(40%)
EBIT	(25)	38	n.m.

Consumer

	Q4 09	Q4 08	Change
Sales	70	112	(37%)
EBIT	(8)	(6)	(33%)

Professional

	Q4 09	Q4 08	Change
Sales	124	168	(26%)
EBIT	16	33	(50%)

Twelve Months Ending June 30, 2009

Harman Intl.

	FY09	FY 08	Change
Sales	2,891	4,113	(30%)
EBIT	(78)	199	n.m.

Automotive

	FY 09	FY 08	Change
Sales	2,005	2,929	(32%)
EBIT	(85)	140	n.m.

Consumer

	FY 09	FY 08	Change
Sales	356	515	(31%)
EBIT	(14)	2	n.m.

Professional

	FY 09	FY 08	Change
Sales	493	627	(21%)
EBIT	62	97	(36%)

Note: All EBIT figures are non-GAAP and exclude restructuring & goodwill charges

n.m. = not meaningful

... But Q4 Shows Progress From A Very Difficult Q3

- Revenue increased 11.6% sequentially from \$598M in Q3 to \$668M in Q4
- Gross profit improved from 18.9% in Q3 to 21.5% in Q4
- Operating margin improved 7.0 percentage points from (12.0%) in Q3 to (5.0%) in Q4
- Loss per diluted share improved from (\$0.89) in Q3 to (\$0.45) in Q4

Q4 to Q3 FY 2009

Harman Intl.

	Q4 09	Q3 09	Change
Sales	668	598	12%
EBIT	(34)	(72)	n.m.

Automotive

	Q4 09	Q3 09	Change
Sales	466	405	15%
EBIT	(25)	(67)	n.m.

Consumer

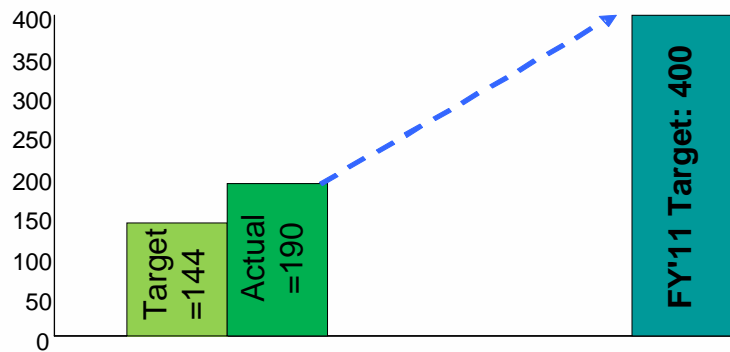
	Q4 09	Q3 09	Change
Sales	70	69	1%
EBIT	(8)	(8)	n.m.

Professional

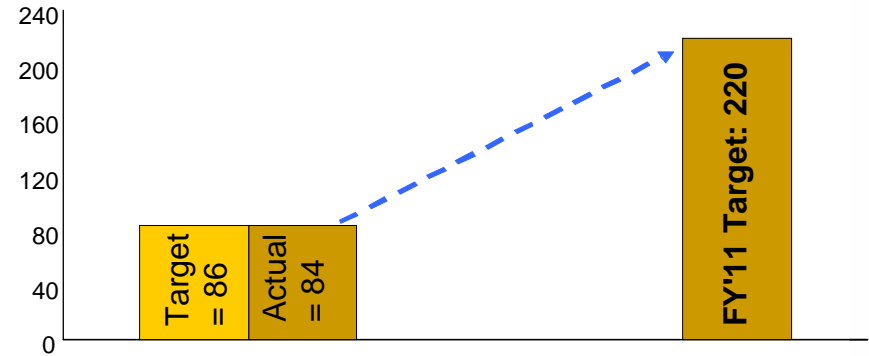
	Q4 09	Q3 09	Change
Sales	124	115	9%
EBIT	16	12	37%

Note: All EBIT Operating Profit) figures are non-GAAP and exclude restructuring & goodwill charges
n.m. = not meaningful

On Track to Yield \$400M Permanent Cost Savings by FY11 YE



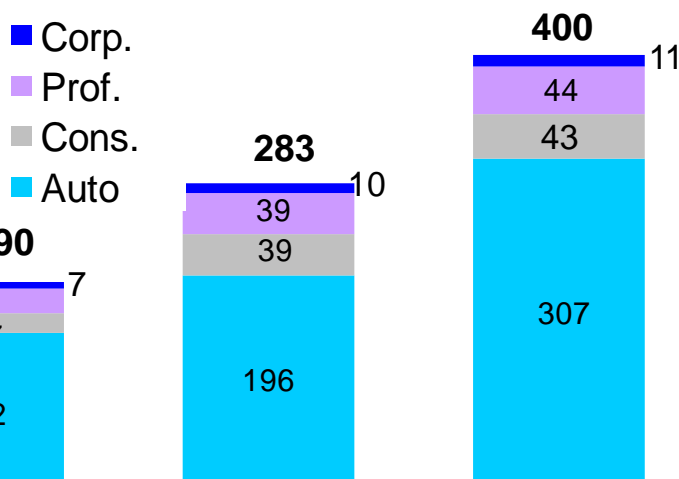
Savings



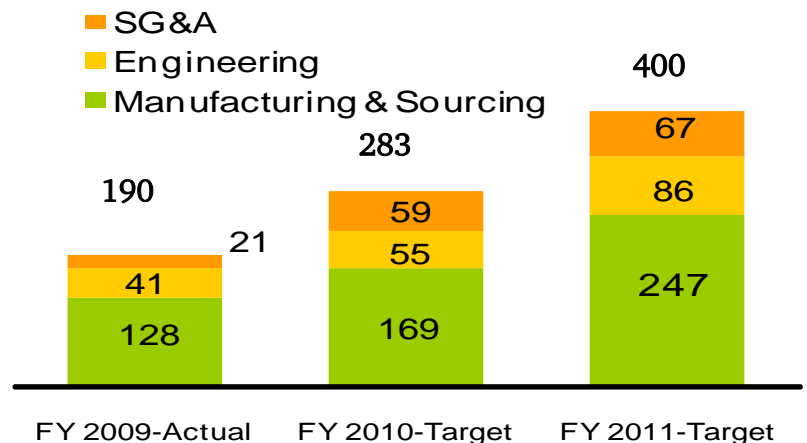
One-time Investments⁽¹⁾

⁽¹⁾ Total one-time investments = restructuring costs + depreciation of CAPEX

Divisional Savings



Functional Savings



FY 2009-Actual FY 2010-Target FY 2011-Target

All Figures in \$US Millions

Prudent Liquidity Management

Liquidity overview

- \$591M cash and equivalents at 4Q'09
- \$200M public offering of common stock (1)
- Vigilant cash management
 - Suspended Company 401(k) contributions
 - Implemented salary freeze
 - Reduced T&E expense by 30%
- Capital Efficiency improved - CAPEX down more than 40% from FY08 level
 - \$139M >> \$80M FY09

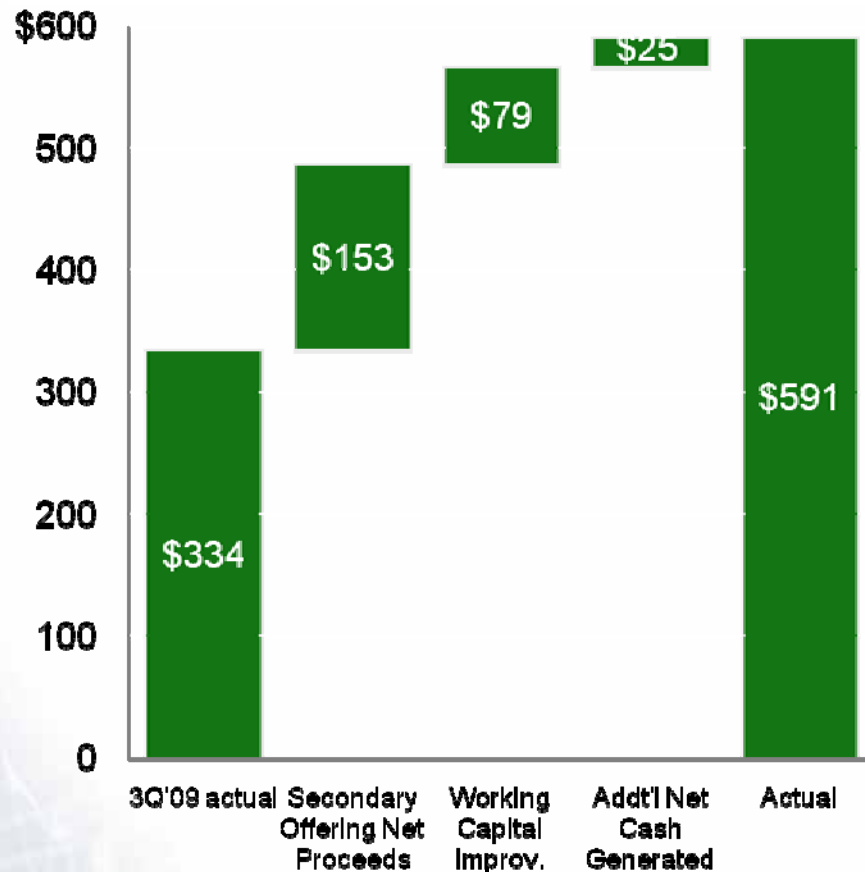
Selected debt covenants

- Revolving credit agreement (\$232M)
 - >\$150M cash + R/C availability at 4Q'09; >\$100M thereafter
 - >\$100M LTM EBITDA at Q4'10; threshold rising thereafter
- \$400M convertible note (1¼% coupon).
 - Maturity October 2012
 - No additional debt incurrence before Oct-2010 if debt/LTM EBITDA >3.25x

(1) net proceeds \$153M including fees and \$38M revolver pay down

Strong Cash and Liquidity Position

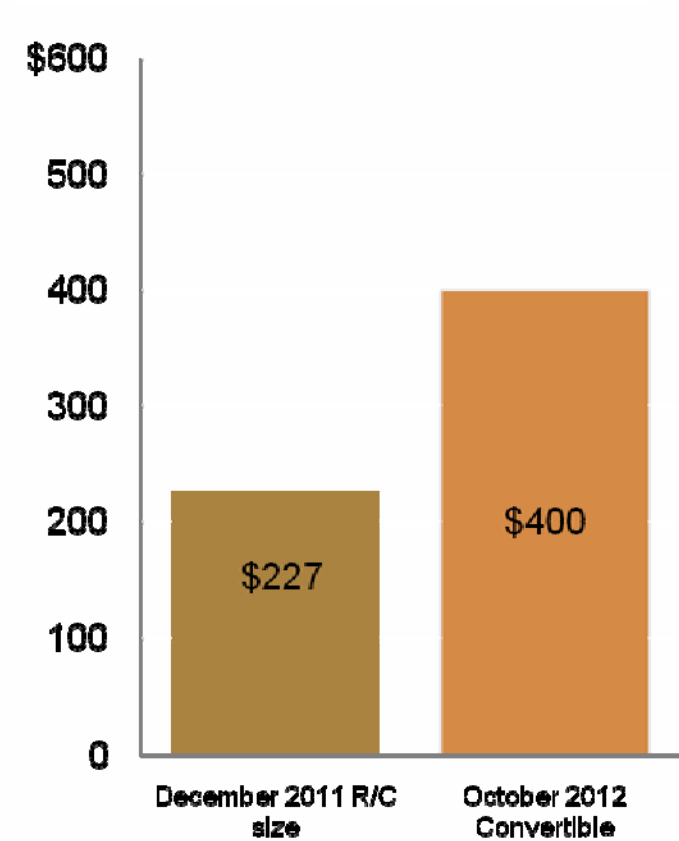
Cash Balances



1

(1) net proceeds \$153M including fees and \$38M revolver pay down

Principal Debt Maturities



Strong Foundation for Sustainable & Profitable Growth

- ✓ **Adequate liquidity to execute our plans**
 - Cash and cash equivalents \$591M as of June 30, 2009 (78% improvement sequentially)
 - No debt maturity until December 31, 2011
- ✓ **STEP Change cost-savings ahead of target**
 - \$190 million permanent savings as of June 2009
 - 1,900 jobs reduced in high-cost countries
 - Additional 300 temporary production-related reductions
- ✓ **Focus on Operational Excellence to drive profitability**
 - Successfully launched 13 new infotainment platforms since beginning of FY '08
 - Continued investment in R&D and innovation (e.g. GreenEdge Technology)
 - Scalable, next-generation system launch ahead of target -- penetrating new markets
- ✓ **Strengthening position in emerging markets**
 - Implementing China growth strategy: capacity doubled with new plant
 - Appointed Country Managers for China and India and established regional offices
 - New R&D and Engineering Centers established in Bangalore and Shanghai
- ✓ **Daimler AG selected Harman for their Next Gen Command Infotainment system**



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