Harman International

Harman International
Highlights – Q2 2009 – February 4, 2009

Pro Audio for the Historic Presidential Inauguration

High Definition Professional Sound Comes to Home Theater

Award-Winning Connectivity On the Road - Porsche

Herbert Parker
CFO

Dinesh Paliwal
Chairman and CEO

Forward-Looking Information and Non-GAAP Financial 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 and to achieve the intended benefits of those initiatives; (2) changes in consumer confidence and general economic conditions in the U.S. and Europe; (3) valuation of certain assets, including goodwill, investments and deferred tax assets, considering recent market conditions; (4) a change in interest rates and availability of financing affecting consumer spending; (5) automobile industry sales and production rates; (6) our ability to effectively implement our restructuring programs and to realize the intended benefits of these programs; (7) fluctuations in currency exchange rates; (8) the loss of one or more significant customers, including our automotive customers; (9) model-year changeovers and customer acceptance in the automotive industry; (10) our ability to satisfy contract performance criteria at expected profit margins; (11) availability of key components for the products we manufacture; (12) customer acceptance of our consumer and professional products; (13) competition in the automotive, consumer or professional markets in which we operate, including pricing pressures for our products; (14) the outcome of pending or future litigation and other claims, including, but not limited to the current stockholder and ERISA lawsuits or any claims or litigation arising out of our business, labor disputes at our facilities and those of our customers or common carriers; (15) warranty obligations for defects in our products; (16) work stoppages at our facilities or affecting our customers or suppliers; and (17) other risks detailed in Harman International's Annual Report on Form 10-K for the fiscal year ended June 30, 2008 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.

Also, please note that in addition to reporting financial results in accordance with generally accepted accounting principles in the U.S. ("GAAP"), we routinely report certain non-GAAP financial results. These non-GAAP measures, together with corresponding GAAP numbers and a reconciliation to GAAP, are contained in our earnings press release and are posted on Harman's investor relations website.

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Core Businesses

Automotive

Navigation, audio, multimedia, and communications for a superior driving experience

Consumer

Discriminating audio, video, storage and multimedia products for around the home and on the go

Professional

Comprehensive pro audio and networking solutions for recording and broadcast, sports and entertainment

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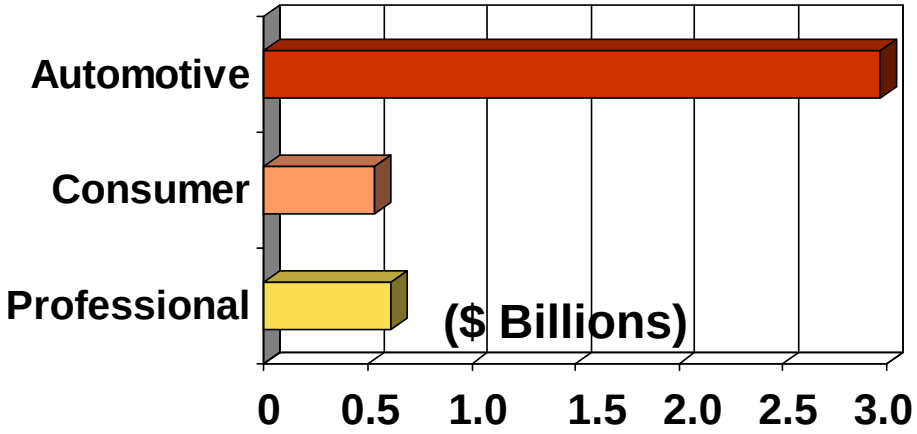
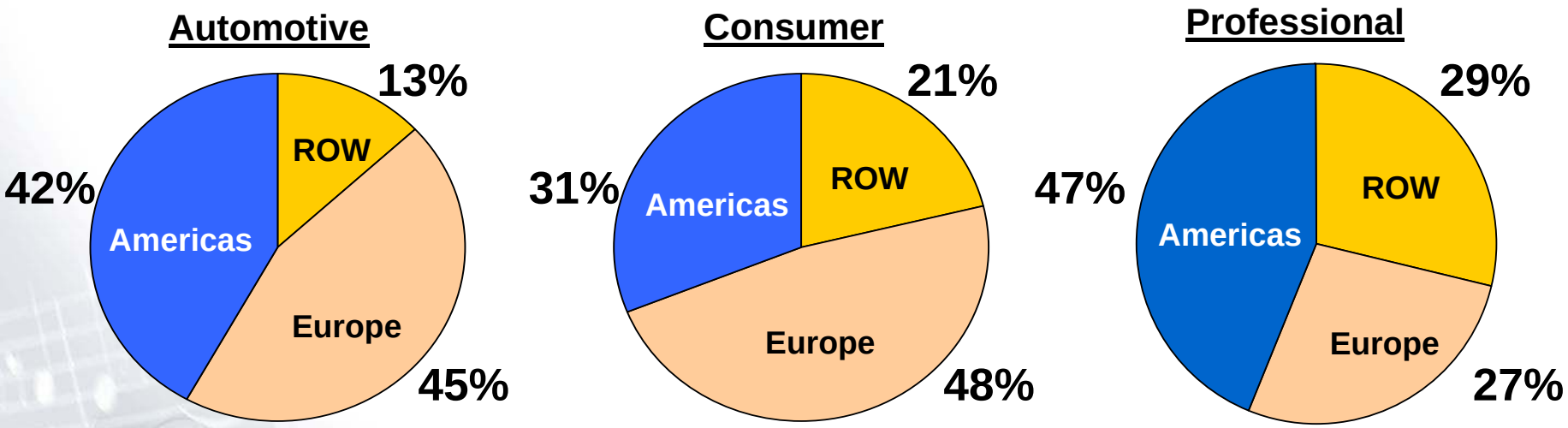
Revenue by Division and by Region, FY2008

- $4.1 Billion revenues in FY 2008
- 35 locations across the Americas, Europe and Asia
- 16 legendary brands





Source: 2008 reported actuals by division (top); 2008 estimates by region (bottom)

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Deep Global Recession Has Impacted All Sectors

Automotive

- Developed markets automotive sales declined ~ 30%
- Emerging markets growth slowed from 20% plus to single-digits

Consumer

- Consumer confidence hits record low in United States and Europe
- Discretionary spending dramatically pulled back

Professional

- Contractors defer projects
- Specialty retailers cut orders as musician/consumer demand shrinks

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Harman's Three Divisions Were Negatively Impacted

Three Months Ending Dec. 31, 2008

	Harman Intl.			Automotive			Consumer			Professional		
	Q2 09	Q2 08	Change	Q2 09	Q2 08	Change	Q2 09	Q2 08	Change	Q2 09	Q2 08	Change
Sales	756	1,066	(29%)	517	720	(28%)	120	184	(35%)	109	152	(28%)
EBIT	(16)	70	(123%)	(23)	34	(167%)	3	17	(83%)	12	23	(47%)

Six Months Ending Dec. 31, 2008

	Harman Intl.			Automotive			Consumer			Professional		
	H1 09	H1 08	Change	H1 09	H1 08	Change	H1 09	H1 08	Change	H1 09	H1 08	Change
Sales	1,625	2,013	(19%)	1,134	1,393	(19%)	226	303	(26%)	246	297	(17%)
EBIT	27	117	(77%)	6	79	(92%)	2	14	(83%)	33	43	(24%)

Note: All figures Non-GAAP

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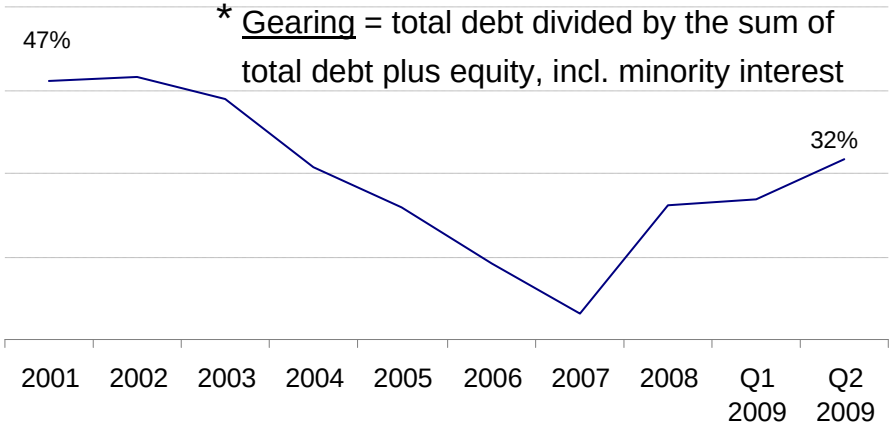
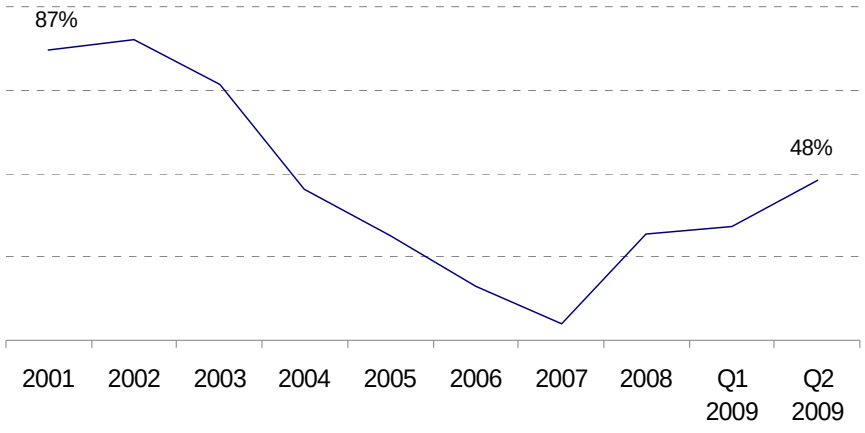
A Solid Balance Sheet and Strong Cash Position

Gearing*



* Gearing = total debt divided by the sum of total debt plus equity, incl. minority interest

Debt to Equity

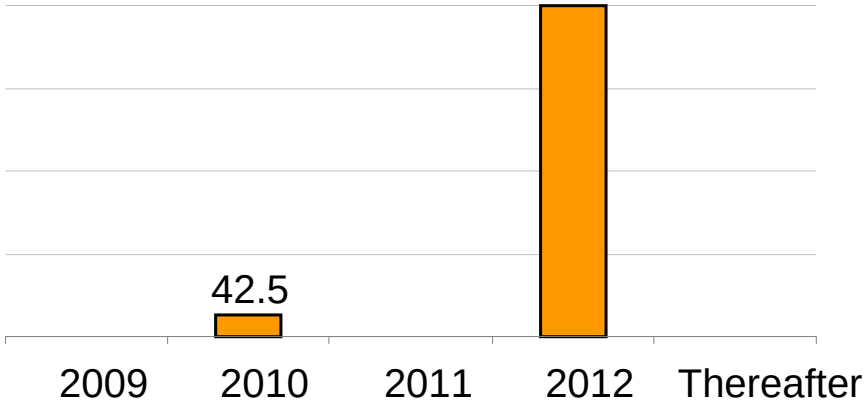


Cash and Short-term Investments
- $182 million

Revolving Credit Facility
- $300 million
- $42.5 million drawn

$400 million convertible notes
- 1.25% coupon rate, Maturity Oct 2012

Total debt of $445 M as of December 31, 2008



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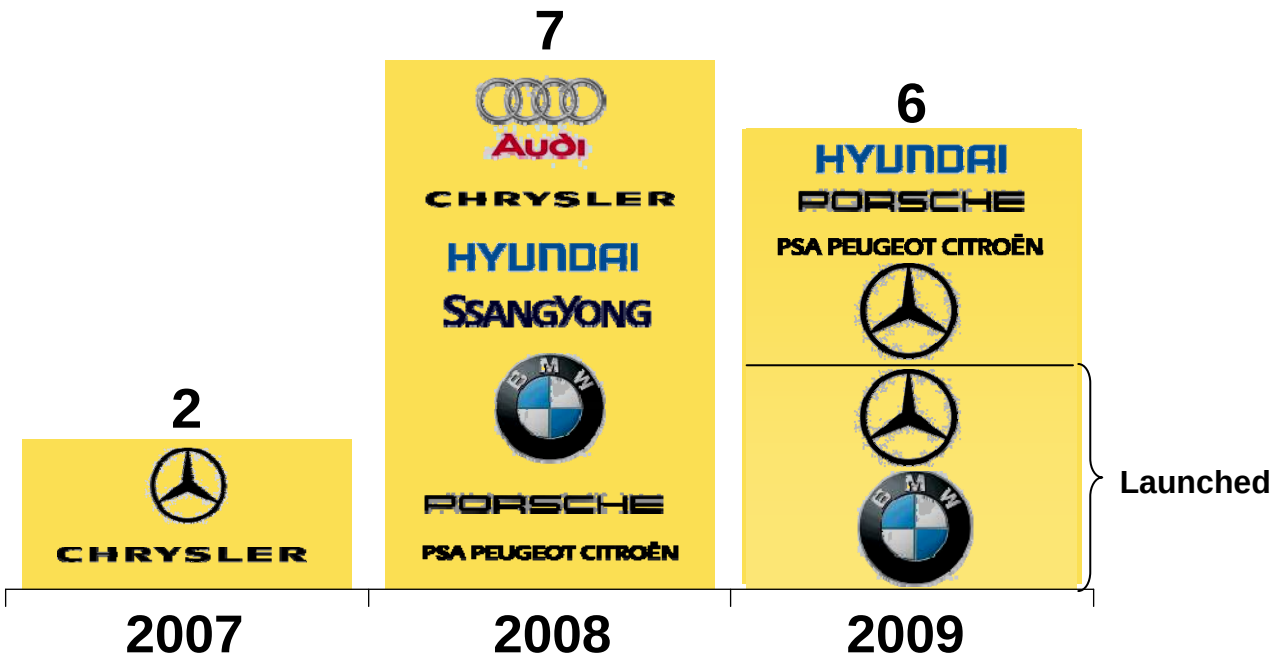
Successful Execution of Record Backlog with a 40% Improvement in Capital Efficiency

Number of Infotainment Platform Launches



CAPEX

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Successful Execution Leads to New Awards

- Awarded next-generation navigation system, a hybrid of PND and in-dash systems (A, B, C, E, SLK, M, R, & GL-Class)
- Launch of the Mid-infotainment system for the all new E-Class.
- Successful test drive of new high-end infotainment systems
- New Multi-Media System was selected by Association of German Engineers as the “Friendly User Award Winner 2008”
- Awarded Land Rover Harman/Kardon branded audio for new Discovery and Range Rover Sport in dealer showroom 2011
- Launched the JBL Synthesis premium sound system on the new Toyota Venza, an all new model platform for Toyota and Harman.

Mid-system development ahead of schedule: Fall 2009. Innovative Harman solution offers access to multi-billion dollar global market size

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Innovation Drives Strong Consumer Brand Penetration

- Mark Levinson No. 53 was given "Stereo Sound Grand Prix Award 2008" by Japan's leading audiophile magazine
- Infinity Primus P162 ranked No. 1 in bookshelf loudspeakers
- HK AVR 7550HD 7.2 receiver won "Best of Innovations 2009" Design & Engineering Award at the Consumer Electronics Show
- HK HKTS 15 ranked No. 1 by Consumer Reports in 5.1-channel system category
- Harman/Kardon to provide advanced sound for Toshiba laptops
- JBL "Control Now" won the International Design Forum's Product Design Award for 2009
- 16,000 sq ft "harmanhouse" showroom opens in Dubai's most prestigious mall. Region's largest interactive multimedia outlet.
- India's largest specialty audio showroom, the "JBL Entertainment Lounge" opens in New Delhi

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Leading Entertainers and Events Choose Harman Pro

- Vienna State Opera installs multi-channel AKG Wireless System
- New O2 World Arena in Berlin installs Harman Pro Sound
- JBL VERTEC loudspeakers used for Singapore Grand Prix
- JBL takes center stage at the 42nd Annual Country Music Awards
- Harman earned the loyalty of leading tour artists, supporting Neil Diamond, Bruce Springsteen, Rihanna, and Chris Brown

- Harman provided the huge sound system for the U.S. Presidential Inauguration serving more than two million people
- Harman will serve as Official Sound Partner during the 51st annual Grammy Awards to be telecast February 8th.
- Harman sound systems featured in the new Grammy Museum which opened during December in LA

- The Canberra Stadium in Australia will open its 2009 soccer and rugby seasons featuring a new JBL sound system

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Leading Entertainers and Events Choose Harman Pro

- Launched more than 40 new cutting-edge technology products at the National Association of Music Merchants exhibition in LA
- 70 percent of the more than 300 new cinema screens installed in the US during the fiscal 2Q were equipped with Harman professional audio systems
- Additional installations include:
  - Club Nokia, LA Live Complex, Los Angeles, CA
  - Prestonwood Baptist Church, Proper, TX
  - Kent Event Center, Kent, WA
  - Arkansas War Memorial Stadium, Little Rock, AR
  - West Virginia University Coliseum, WV
  - Aliante Station Casino, Las Vegas, NV
  - Ciudad de Musica, Rio de Janeiro

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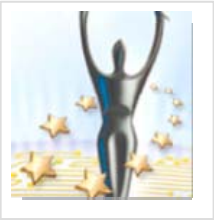
Leading Technology Companies Embrace QNX Solutions

- QNX Fastboot Technology received “Award of Excellence”, Most Innovative Software for Intel Atom Processor



- QNX Aviage Acoustic Processing Suite Awarded Elektra Embedded System Product of the Year

- QNX release of key application platform enabling technologies
  - QNX Software Development Platform 6.4
  - HMI Player based on Adobe Flash Lite 3.1

- QNX Aviage Multimedia provides enhanced Video iPod support

- 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 (JTRS SCA).

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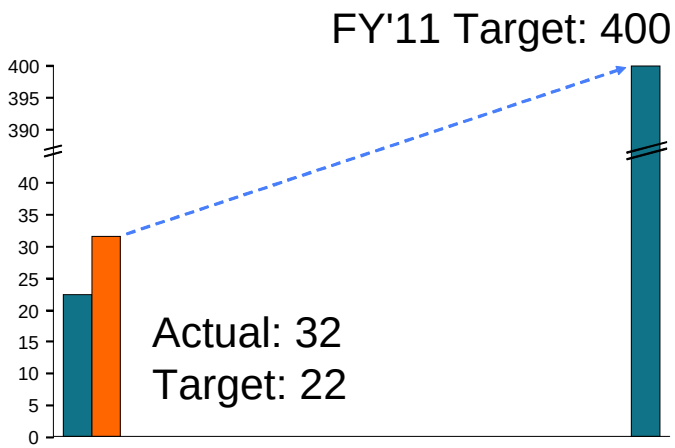
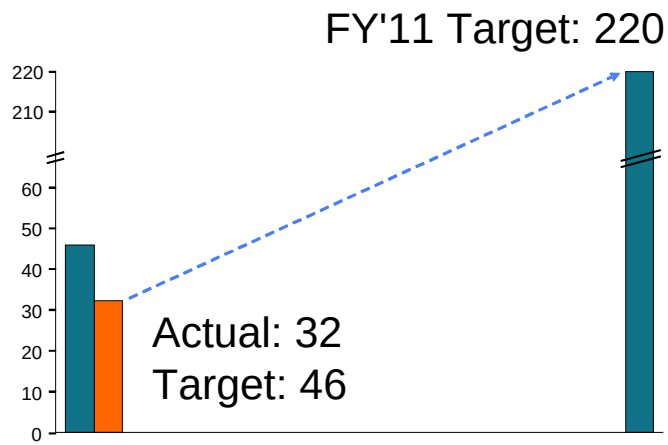
Savings [USD m]

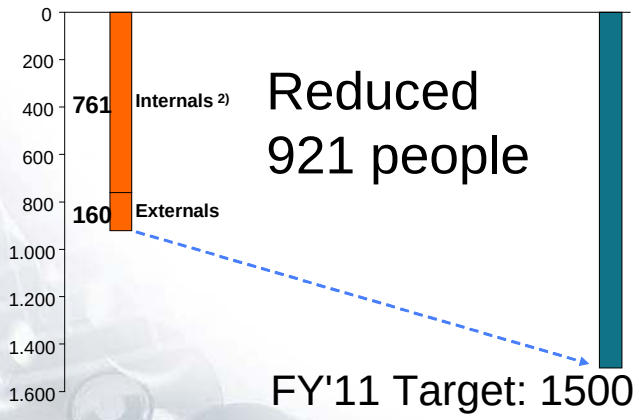


One-time investments[1)] [USD m]



Target Actual

Headcount Reduction [2)]



1. Total one-time investments = restructuring costs + depreciation of CAPEX
2. 300 FTEs were identified prior to the STEP Change program. Cost relative to 300 people reduction was incurred in FY'08

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$400 Million Savings By Major Categories

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Aggressive Headcount Reduction to Match Demand

Reduced 921 full time equivalents (June - December 2008)

United States: 645

- Closure of five sites announced
- Rightsizing several facilities in the US

Western Europe: 276

- Rightsizing several facilities in Europe

Reducing 1142 full time equivalents (January – June 2009)

United States: 373

- Rightsizing several facilities

Germany: 550

- Closing and rightsizing facilities in Germany

France: 134

- Rightsizing facility

United Kingdom: 50

- Rightsizing facility

Sweden: 35

- Closing site

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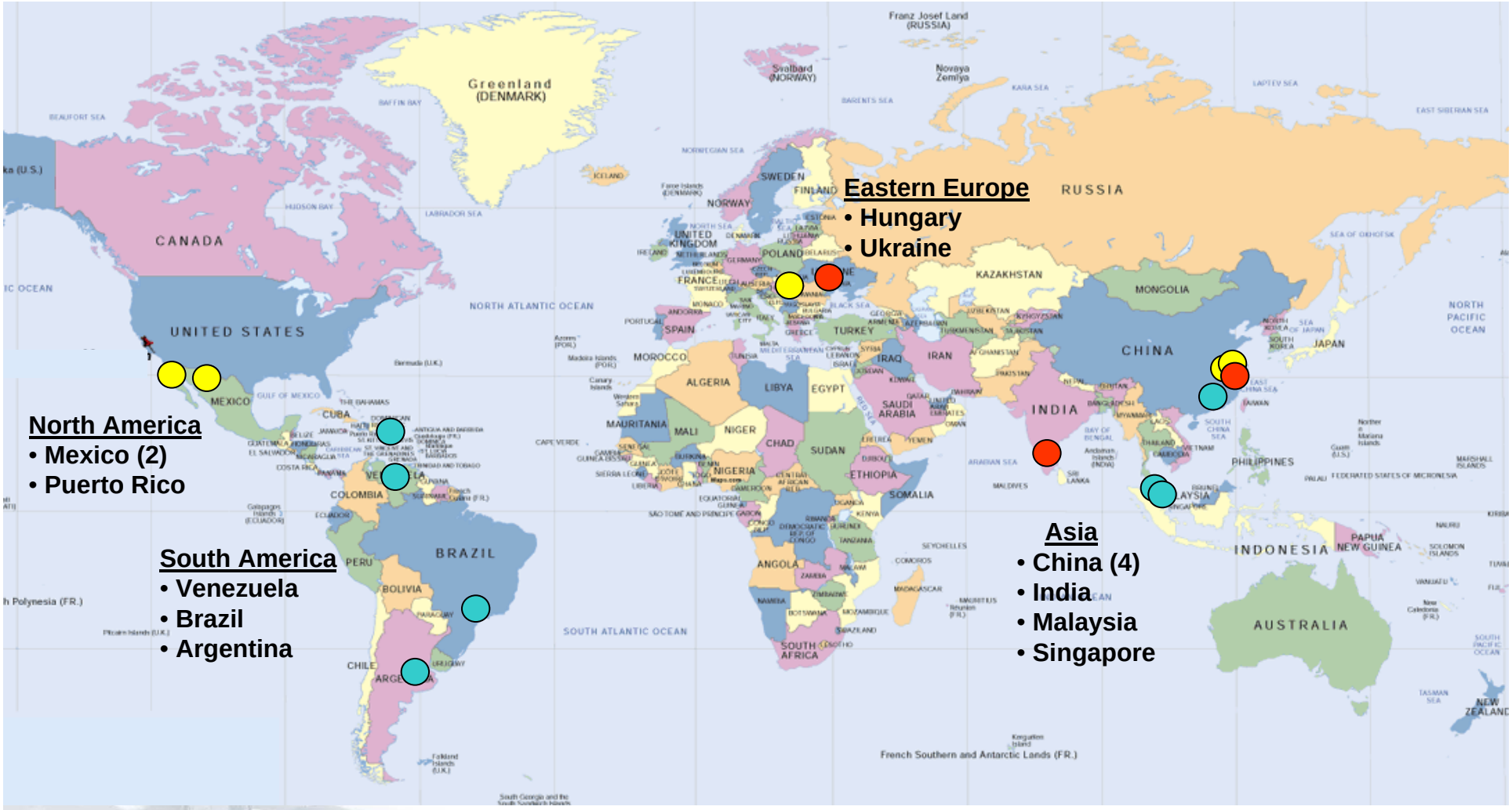
Building Significant Capabilities in Emerging Markets

Manufacturing & Assembly (5) | Sales/Service Facilities (7) | Engineering & Technology (3)



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Strong Foundation For Sustainable and Profitable Growth

Adequate liquidity to execute our plans

- Healthy balance sheet with strong cash position
- $300 million revolver

Focus on Operational Excellence to drive growth

- Delivering record backlog with timely launches of automotive SOPs
- Continued investment in R&D and innovation
- Taking market share with dozens of award winning new product introductions
- Striving for best-in-class cost structure and optimum global footprint through STEP Change program: 2000 FTEs will be reduced in F2009

Strengthening position in emerging markets

- Harman's China growth strategy under implementation: capacity doubled with new plant
- Appointed Country Managers for China and India
- New R&D and Engineering Centers established in Bangalore and Shanghai

Strong Governance

- Executive compensation aligned with performance
- Six new independent directors added during last 12 months

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Harman International

Premium Solutions for Audio and Infotainment