

HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form S-4/A
July 12, 2002

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As filed with the Securities and Exchange Commission on July 12, 2002

Registration No. 333-83688

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 3

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

HARMAN INTERNATIONAL INDUSTRIES, INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3651
(Primary Standard Industrial
Classification Code Number)

11-2534306
(I.R.S. Employer
Identification No.)

**1101 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 393-1101**

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

EDWIN C. SUMMERS
Vice President and General Counsel
Harman International Industries, Incorporated
8500 Balboa Boulevard
Northridge, California 91329
(818) 893-8411

(Name, address, including zip code, and telephone number, including area code of agent for service)

Copies to:
JAMES E. O'BANNON
Jones, Day, Reavis & Pogue
2727 North Harwood Street
Dallas, Texas 75201-1515

(214) 220-3939

Approximate date of commencement of proposed sale to public:

As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. //

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

\$300,000,000

Harman International Industries, Incorporated

**Offer to exchange our 7¹/₈% Notes due 2007,
which have been registered under the Securities Act,
for our outstanding 7¹/₈% Notes due 2007**

The Exchange Notes

The exchange notes will be unsecured senior obligations of Harman International and will rank equally with all other senior unsecured and unsubordinated indebtedness of Harman International. We may redeem all or part of the exchange notes at any time at our option at a redemption price equal to the greater of the principal amount of the exchange notes being redeemed plus accrued and unpaid interest to the redemption date or the make-whole amount.

We will pay interest on the exchange notes each February 15 and August 15, beginning on August 15, 2002.

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes that we issued on February 19, 2002, except for transfer restrictions, registration rights and liquidated damages provisions relating to the outstanding notes that will not apply to the exchange notes.

The Exchange Offer

Harman International will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of new notes that are freely tradeable.

You may withdraw tenders of outstanding notes at any time prior to the expiration of the exchange offer.

The exchange offer expires at 5:00 P.M., New York City Time, on August 14, 2002, unless extended. We do not currently intend to extend the expiration date.

An investment in the exchange notes involves certain risks. See "Risk Factors" beginning on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 12, 2002

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SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before participating in the exchange offer. You should read this entire prospectus and the information incorporated by reference carefully before participating in the exchange offer.

Unless otherwise indicated, as used in this prospectus, the terms "we," "our" and "us" refer to Harman International Industries, Incorporated and its subsidiaries and predecessors. The term "Harman International" refers only to Harman International Industries, Incorporated, without its subsidiaries. Our fiscal year ends on June 30 of each year. When we refer to a fiscal year, such as fiscal 2001, we are referring to the fiscal year ended on June 30 of that year.

Our Business

We believe that we are a worldwide leader in the manufacture of high-quality high-fidelity audio and video products for the consumer and professional markets. For almost 50 years, we have created innovative, technologically advanced loudspeakers and electronic audio products that deliver superior sound to our consumer and professional customers. We also develop sophisticated and integrated infotainment systems for the automotive industry. These infotainment systems manage functions like car audio, video and navigation, which are integrated into our products, as well as functions like climate control, telecommunications and internet access, which are provided by other manufacturers and service providers. For fiscal 2001, our total revenues were \$1.7 billion, with our consumer systems group representing 73.8% of these revenues and our professional group representing 26.2% of these revenues.

Harman International was incorporated in the State of Delaware in 1980. Our principal executive offices are located at 1101 Pennsylvania Avenue, NW, Suite 1010, Washington, DC 20004, and our telephone number is (202) 393-1101. Our stock trades on the New York Stock Exchange under the symbol "HAR." We also maintain a website at www.harman.com. However, the information on our website is not a part of this prospectus and you should rely only on the information contained in, or incorporated by reference into, this prospectus when making a decision to participate in the exchange offer.

The Exchange Offer

The Exchange Offer	We are offering to exchange up to \$300,000,000 aggregate principal amount of our registered 7 ¹ / ₈ % Notes due 2007 for an equal principal amount of our outstanding 7 ¹ / ₈ % Notes due 2007. The terms of the exchange notes are identical in all material respects to those of the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.
Purpose of the Exchange Offer	The exchange notes are being offered to satisfy our obligations under a registration rights agreement.
Expiration Date; Withdrawal of Tender	The exchange offer will expire at 5:00 p.m., New York City time, on August 14, 2002, or on a later date and time to which we extend it. The tender of outstanding notes in the exchange offer may be withdrawn at any time prior to the expiration date. Any outstanding notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.
Procedures for Tendering Outstanding Notes	Each holder of outstanding notes wishing to accept the exchange offer must complete, sign and date the letter of transmittal, or its facsimile, in accordance with its instructions, and mail or otherwise deliver it, or its facsimile, together with the outstanding notes and any other required documentation to the exchange agent at the address in the letter of transmittal. Outstanding notes may be physically delivered, but physical delivery is not required if a confirmation of a book-entry transfer of the outstanding notes to the exchange agent's account at The Depository Trust Company is delivered in a timely fashion. See "The Exchange Offer Procedures for Tendering Outstanding Notes."
Conditions to the Exchange Offer	The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered for exchange. The exchange offer is subject to certain customary conditions, which may be waived by us. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary. See "The Exchange Offer Conditions to the Exchange Offer."
Exchange Agent	J.P. Morgan Trust Company, National Association
U.S. Federal Income Tax Considerations	The exchange of the outstanding notes for exchange notes will not be treated as a taxable transaction for United States federal income tax purposes. The exchange will not result in taxable income, gain or loss being recognized by holders or by us. Immediately after the exchange, a holder will have the same adjusted basis and holding period in each exchange note received as the holder had immediately prior to the exchange in the corresponding outstanding note surrendered.

The Exchange Notes

The terms of the exchange notes are identical in all material respects to those of the outstanding notes, except for the transfer restrictions and registering rights relating to the outstanding notes that do not apply to the exchange notes.

Issuer	Harman International Industries, Incorporated
Notes Offered	\$300,000,000 aggregate principal amount of 7 ¹ / ₈ % Notes Due 2007
Maturity Date	The exchange notes will mature on February 15, 2007
Interest Payment Dates	February 15 and August 15 of each year, commencing on August 15, 2002.
Optional Redemption	We may redeem all or part of the exchange notes at any time at our option at a redemption price equal to the greater of the principal amount of the exchange notes being redeemed plus accrued and unpaid interest to the redemption date or the make-whole amount.
Make-Whole Amount	The make-whole amount is equal to the sum of the present value of the principal amount of the exchange notes to be redeemed, together with the scheduled payments of interest, exclusive of interest to the redemption date, from the redemption date to the maturity date of the exchange notes being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the applicable treasury rate plus 0.50%, plus accrued and unpaid interest on the principal amount of the exchange notes being redeemed to the redemption date.
Ranking	The exchange notes will be unsecured senior obligations of Harman International and will rank equally with all other unsecured and unsubordinated indebtedness of Harman International. The exchange notes are senior in right of payment to all of the subordinated debt of Harman International. At March 31, 2002, Harman International and its consolidated subsidiaries had approximately \$470.8 million of senior indebtedness of which \$23.9 million represented indebtedness of subsidiaries, of which \$5.3 million was secured. At March 31, 2002, our subsidiaries had approximately \$333.3 million of other liabilities, including trade payables. Harman and its consolidated subsidiaries also have outstanding operating leases. Payments under these leases are described in footnote 6 to Harman International's audited financial statements, which are incorporated by reference into this prospectus from Harman International's Annual Report on Form 10-K for the year ended June 30, 2001. Holders of the outstanding notes are and holders of the exchange notes will be structurally subordinated to liabilities of Harman International's subsidiaries. See "Description of the Exchange Notes - Ranking."
Certain Covenants	We will issue the exchange notes under the indenture governing the outstanding notes. The indenture, among other things, limits our ability and the ability of our subsidiaries, to: create or assume liens; enter into sale and leaseback transactions; and

engage in mergers and consolidations.

Additional Interest

We are obligated to cause the registration statement relating to this prospectus to be declared effective prior to August 18, 2002 and to consummate the exchange offer by September 17, 2002. If we fail to meet these deadlines, additional interest will accrue on the outstanding notes until the registration default is cured. See "Registration Rights for Outstanding Notes."

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange notes.

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Summary Historical Consolidated Financial Information

The following table presents our summary historical consolidated financial information. The historical consolidated financial information as of and for each of the fiscal years ended June 30, 1999, 2000 and 2001 has been derived from, and should be read together with, our audited financial statements and the accompanying notes incorporated by reference into this prospectus. The historical condensed consolidated financial information as of and for the nine months ended March 31, 2001 and 2002 has been derived from, and should be read together with, our unaudited consolidated financial statements and accompanying notes incorporated by reference into this prospectus. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in our interim financial statements. Interim results are not necessarily indicative of the results that can be expected for any future period or for the full fiscal year. *(footnotes on following page)*

	Year Ended June 30,			Nine Months Ended March 31,	
	1999	2000	2001	2001	2002
(dollars in thousands)					
Statement of Operations Data:					
Net Sales	\$ 1,500,135	\$ 1,677,939	\$ 1,716,547	\$ 1,268,810	\$ 1,324,751
Cost of sales	1,102,400	1,208,603	1,268,512	941,165	970,110
Gross profit	397,735	469,336	448,035	327,645	354,641
Selling, general and administrative expenses	322,008	347,614	376,807	290,300	291,647
Plant closures and severance	17,010				
Asset impairment	20,054				
Operating income	38,663	121,722	71,228	37,345	62,994
Other expenses:					
Interest expense	23,641	18,507	24,950	18,594	17,673
Miscellaneous, net	575	386	1,179	425	1,082
Income before income taxes and minority interest	14,447	102,829	45,099	18,326	44,239
Income tax expense	2,706	29,923	12,703	5,319	12,830
Minority interest	18	68	32		
Net income	\$ 11,723	\$ 72,838	\$ 32,364	\$ 13,007	\$ 31,409
Other Data:					
Net cash provided by (used in) operating activities	\$ 126,180	\$ 194,565	\$ 53,943	\$ (34,941)	\$ 65,687

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	Year Ended June 30,			Nine Months Ended March 31,	
Net cash used in investing activities	(78,274)	(129,943)	(90,444)	(50,901)	(81,780)
Net cash provided by (used in) financing activities	(61,406)	(62,651)	35,427	88,414	98,057
EBITDA(1)	104,868	185,954	137,250	90,905	118,508
Depreciation and amortization	66,780	64,618	67,201	53,985	56,596
Capital expenditures(2)	70,792	96,661	105,764	67,674	79,028

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	As of June 30,			As of March 31,	
	1999	2000	2001	2001	2002
(dollars in thousands)					

Balance Sheet Data (at end of period):

Adjusted working capital(3)	\$ 390,949	\$ 332,151	\$ 383,654	\$ 427,270	\$ 484,489
Total assets	1,065,755	1,137,505	1,162,385	1,169,239	1,300,655
Total debt	311,575	277,324	368,760	425,674	470,813
Shareholders' equity	468,187	486,333	422,942	409,682	460,301

- (1) EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We believe that EBITDA provides additional information for determining a borrower's ability to meet debt service requirements. However, EBITDA is not intended to represent cash flow, or to be used as an alternative to net income or any other measure of performance in accordance with generally accepted accounting principles, and EBITDA is not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. In addition, our definition of EBITDA may differ from that of other companies.
- (2) Capital expenditures include capitalized software costs and are shown net of dispositions.
- (3) Adjusted working capital equals current assets less current liabilities, excluding short-term debt and the current portion of long-term debt.

	Year Ended June 30,					Nine Months Ended March 31,	
	1997	1998	1999	2000	2001	2001	2002
Ratio of Earnings to Fixed Charges(1)	3.9x	3.6x	1.5x	5.4x	2.4x	1.7x	2.8x
	Year Ended June 30, 2001					Nine Months Ended March 31, 2002	
Pro Forma Ratio of Earnings to Fixed Charges(2)	1.9x					2.2x	

- (1) Earnings used in computing the ratio of earnings to fixed charges consist of income before taxes plus fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt issuance costs and that portion of lease expense representative of interest.
- (2)

The pro forma ratio of earnings to fixed charges gives effect to the issuance of \$300 million principal amount of the outstanding notes, the repayment of borrowings under our revolving credit facility and term loan and the repayment of a portion of other short-term borrowings as of the beginning of the indicated period.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference into this prospectus, contains forward-looking statements within the meaning of Section 27A of the Securities Act and 21E of the Exchange Act of 1934. You should not place undue reliance on these statements. Forward-looking statements include information concerning possible or assumed future results of operations, capital expenditures, the outcome of pending legal proceedings and claims, including environmental matters, goals and objectives for future operations, including descriptions of our business strategies and purchase commitments from customers, among other things. These statements are typically identified by words such as "believe," "anticipate," "expect," "plan," "intend," "estimate" and similar expressions. 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 conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read and consider the information in this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. These factors include, among other things:

changes in consumer confidence and spending;

automobile industry sales and production rates and the willingness of automobile purchasers to pay for the option of a premium branded automotive audio system;

model-year changeovers in the automotive industry;

our ability to satisfy contract performance criteria, including technical specifications and due dates;

competition in the consumer and/or professional product markets in which we operate;

the outcome of pending or future litigation and administrative claims, including patent and environmental matters;

work stoppages at one or more of our facilities or at a facility of one of our significant customers;

the loss of one or more significant customers, including our automotive manufacturer customers;

our ability to adapt to technological advances and innovation on a cost-effective and timely basis; and

general economic conditions.

In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in, or incorporated by reference into, this prospectus will in fact transpire.

RISK FACTORS

An investment in the exchange notes involves a degree of risk. There are a number of factors, including those specified below, which may adversely affect our ability to make payments on the exchange notes. Additional risks that we do not know about or that we currently view as immaterial may also impair our business or adversely impact our ability to repay the exchange notes. You should carefully consider the risks described below, together with the other information in this prospectus, before making a decision to participate in the exchange offer.

Risks Related to the Exchange Offer

If you do not exchange your outstanding notes for exchange notes in the exchange offer, your outstanding notes will continue to be subject to significant restrictions on transfer, and may be subject to a limited trading market and a significant diminution in value.

If you do not exchange your outstanding notes for the exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer described in the legend on your outstanding notes. In general, you may only offer or sell the outstanding notes if they are registered under the Securities Act and applicable state securities laws, or offered or sold pursuant to an exemption from these requirements. We do not intend to register the outstanding notes under the Securities Act. To the extent other outstanding notes are tendered and accepted in the exchange offer, the trading market, if any, for the remaining outstanding notes would be adversely affected and there could be a significant diminution in the value of the outstanding notes as compared to the value of the exchange notes. See "The Exchange Offer Consequences of the Failure to Exchange."

An active public market may not develop for the exchange notes, which could adversely affect the market price and liquidity of the exchange notes.

The exchange notes constitute securities for which there is no established trading market. We do not intend to list the exchange notes on any securities exchange or to seek approval for quotation through any automated quotation system, and no active public market for the exchange notes is currently anticipated. If a market for the exchange notes should develop, the exchange notes could trade at a discount from their principal amount and they may be difficult to sell. Future trading prices of the exchange notes will depend on many factors, including prevailing interest rates, our operating results and the market for similar securities. As a result, we can not give you any assurance that you will be able to resell any exchange notes or the price at which you will be able to resell the exchange notes.

If you participate in the exchange offer for the purpose of participating in a distribution of the exchange notes you could be deemed an underwriter under the Securities Act and be required to deliver a prospectus when you resell notes.

If you exchange your outstanding notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed an underwriter under the Securities Act. If so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. Each broker-dealer who holds outstanding notes for its own account due to market-making or other trading activities and who receives exchange notes for its own account must acknowledge that it will deliver a prospectus in connection with any resale of exchange notes. If you are deemed to be an underwriter and do not comply with these prospectus delivery requirements, you may be subject to civil penalties.

Risks Related to the Exchange Notes

The covenant restrictions in the exchange notes and our other debt could restrict our operations.

The instruments governing the exchange notes, the senior notes and our revolving credit facility contain certain provisions that could restrict our operating and financing activities. The indenture restricts our ability to, among other things:

create or assume liens;

enter into sale-leaseback transactions; and

engage in mergers or consolidations.

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Because of the restrictions on our ability to create or assume liens, we may have difficulty securing additional financing in the form of additional indebtedness. In addition, our revolving credit facility contains other and more restrictive covenants, including financial covenants that will require us to achieve specified financial and operating results and maintain compliance with specified financial ratios. We may have to curtail some of our operations to maintain compliance with these covenants.

If we fail to comply with the covenants contained in our credit facilities or the indenture relating to the notes, the related debt incurred under those agreements could be declared immediately due and payable, which could also trigger a default under other agreements.

Our ability to meet the covenants or requirements in our credit facilities and the indentures relating to our outstanding senior notes may be affected by events beyond our control, and we cannot assure you that we will satisfy these covenants and requirements. A breach of these restrictive covenants or our inability to comply with the financial ratios, tests or other restrictions could result in an event of default under our revolving credit facility. Additionally, an event of default under our revolving credit facility is also an event of default under the indentures governing the notes. Upon the occurrence of an event of default under our revolving credit facility, the lenders and/or the noteholders could elect to declare all amounts outstanding under our revolving credit facility and/or one or both of the indentures, together with accrued interest, to be immediately due and payable. If the payment of our indebtedness was accelerated, there can be no assurance that we will be able to make those payments or borrow sufficient funds from alternative sources to make those payments. Even if we were to obtain additional financing, that financing may be on unfavorable terms.

Harman International is a holding company with no operations of its own and therefore our cashflow and ability to service debt are dependent upon distributions from our subsidiaries.

Harman International is a holding company with no operations of its own. Consequently, Harman International's ability to service its debt and pay dividends is dependent upon the operating earnings of its subsidiaries. The distribution of those earnings, or advances or other distributions of funds by those subsidiaries to Harman International, all of which could be subject to statutory or contractual restrictions, are contingent upon the subsidiaries' earnings and are subject to various business considerations.

Our subsidiaries have not guaranteed the notes and therefore the notes will be effectively subordinated in right of payment to any and all debt and other liabilities, including trade payables, of our subsidiaries.

Our subsidiaries have guaranteed our obligations under our revolving credit facility. However, our subsidiaries are not obligors or guarantors of the exchange notes. Therefore, the claims of creditors of such subsidiaries, including claims of lenders under the revolving credit facility, the claims of trade creditors and claims of preferred stockholders (if any) of such subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of Harman

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International. The exchange notes, therefore, are effectively subordinated to creditors (including trade creditors) and preferred stockholders (if any) of such subsidiaries. At March 31, 2002, our subsidiaries had indebtedness of approximately \$23.9 million, of which \$5.3 million was secured, and approximately \$333.3 million of other liabilities, including trade payables. Harman and its consolidated subsidiaries also have outstanding operating leases. Payments under these leases are described in footnote 6 to Harman International's audited financial statements, which are incorporated by reference into this prospectus from Harman International's Annual Report on Form 10-K for the year ended June 30, 2001. Accordingly, there can be no assurance that, in the event of our bankruptcy, after providing for claims of creditors and preferred stockholders (if any) of our subsidiaries, there would be sufficient assets available to pay amounts due to you as a holder of the exchange notes.

Risks Related to our Business

Failure to maintain relationships with our largest customer and failure by our customers to continue to purchase expected quantities of our products due to changes in market conditions could have an adverse effect on our operations.

Sales to DaimlerChrysler accounted for 20.5% of our consolidated net sales for the fiscal year ended June 30, 2001. We anticipate that DaimlerChrysler will continue to account for a significant portion of our sales for the foreseeable future, however, DaimlerChrysler is not obligated to any long term purchase of our products. The loss of sales to DaimlerChrysler could have a material adverse effect on our consolidated sales, earnings and financial position.

A decrease in discretionary spending would likely reduce our sales.

Our sales are dependent to a substantial extent on discretionary spending by consumers, which may be adversely impacted by economic conditions affecting disposable consumer income and retail sales. In addition, our sales of audio products to the automotive OEM market are dependent on the overall success of the automobile industry, as well as the willingness, in many instances, of automobile purchasers to pay for the option of a premium branded automotive audio system.

Our business could be adversely affected if we are unable to obtain raw materials and components from our suppliers on favorable terms.

We are dependent upon certain unaffiliated domestic and foreign suppliers for various components, parts, raw materials and certain finished products. Some of our suppliers produce products that compete with our products. Although we believe that the loss of any one or more of our suppliers would not have a long-term material adverse effect on our business because other suppliers would be able to fulfill our requirements, the loss of certain suppliers could, in the short term, adversely affect our business until alternative suppliers are able to ship adequate amounts of raw materials or components to us. We have begun using multiple vendors and have limited our reliance on any single supplier.

We may lose market share if we are unable to compete successfully against our current and future competitors.

The high fidelity audio products market is fragmented, highly competitive, rapidly changing and characterized by price competition. Many manufacturers, large and small, domestic and foreign, offer audio systems that vary widely in price and quality and are marketed through a variety of channels, including audio specialty stores, discount stores, department stores and mail order firms. Some of our competitors have financial and other resources greater than ours. We cannot assure you that we will continue to compete effectively against existing or new competitors that may enter its markets.

We also compete indirectly with automobile manufacturers, who may improve the quality of original equipment sound systems, reducing demand for our aftermarket mobile audio products, or

change the designs of their cars to make installation of our aftermarket products more difficult or expensive.

Our products may not satisfy shifting consumer demand or compete successfully with competitors' products.

Our business is based on the demand for audio products and our ability to introduce distinctive new products that anticipate changing consumer demands and capitalize upon emerging technologies. If we fail to introduce new products, misinterpret consumer preferences or fail to respond to changes in the marketplace, consumer demand for our products could decrease and our brand image could suffer. In addition, our competitors may introduce superior designs or business strategies, undermining our distinctive image and our products' desirability. If any of these events occur, they could cause our sales to decline.

Currency fluctuations may reduce the profits on our foreign sales or increase our costs, either of which could adversely affect our financial results.

A significant amount of our assets and operations are located outside the United States. Consequently, we are subject to fluctuations in foreign currency exchange rates. Translation losses as a result of currency fluctuations may adversely affect the profits on our foreign sales and have a negative impact on our financial results. In addition, we purchase certain foreign-made products. Although we hedge a portion of our foreign currency exposure and, due to the multiple currencies involved in our business, foreign currency positions partially offset and are netted against one another to reduce exposure, we cannot assure you that fluctuations in foreign currency exchange rates will not make these products more expensive to purchase. Any increase in our costs of purchasing these products could negatively impact our financial results to the extent we are not able to pass those increased costs on to our customers.

If we do not continue to develop, introduce and achieve market acceptance of new and enhanced products, our sales may decrease.

In order to increase sales in current markets and gain footholds in new markets, we must maintain and improve existing products, while successfully developing and introducing new products. Our new and enhanced products must respond to technological developments and changing consumer preferences.

We may experience difficulties that delay or prevent the development, introduction or market acceptance of new or enhanced products. Furthermore, despite extensive testing, we may be unable to detect and correct defects in our products before we ship them to our customers. Delays or defects in new product introduction may result in loss of sales or delays in market acceptance. Even after we introduce them, our new

or enhanced products may not satisfy consumer preferences and product failures may cause consumers to reject our products. As a result, these products may not achieve market acceptance. In addition, our competitors' new products and product enhancements may cause consumers to defer or forego purchases of our products.

Our international operations could be harmed by factors including political instability, currency exchange rates and changes in regulations that govern international transactions.

The risks inherent in international trade may reduce our international sales and harm our business and the businesses of our distributors and suppliers. These risks include:

changes in tariff regulations;

political instability, war, terrorism and other political risks;

foreign currency exchange rate fluctuations;

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establishing and maintaining relationships with local distributors and dealers;

lengthy shipping times and accounts receivable payment cycles;

import and export licensing requirements;

compliance with a variety of foreign laws and regulations, including unexpected changes in taxation and regulatory requirements;

greater difficulty in safeguarding intellectual property than in the U.S.; and

difficulty in staffing and managing geographically diverse operations.

These and other risks may increase the relative price of our products compared to those manufactured in other countries, reducing the demand for our products.

If we are unable to enforce or defend our ownership and use of our intellectual property, our business may decline.

Our future success will depend, in substantial part, on our intellectual property. We seek to protect our intellectual property rights, but our actions may not adequately protect the rights covered by our patents, patent applications, trademarks and other proprietary rights, and prosecution of our claims could be time consuming and costly. In addition, the intellectual property laws of some foreign countries do not protect our proprietary rights as do the laws of the U.S. Despite our efforts to protect our proprietary information, third parties may obtain, disclose or use our proprietary information without our authorization, which could adversely affect our business.

From time to time, third parties have alleged that we infringe their proprietary rights. These claims or similar future claims could subject us to significant liability for damages, result in the invalidation of our proprietary rights, limit our ability to use infringing intellectual property or force us to license third-party technology rather than dispute the merits of any infringement claim. Even if we prevail, any associated litigation could be time consuming and expensive and could result in the diversion of our time and resources.

THE EXCHANGE OFFER

Purpose of the Exchange Offer

In connection with the offering of the outstanding notes, we entered into a registration rights agreement with the initial purchasers of the outstanding notes. We are making the exchange offer to satisfy our obligations under the registration rights agreement.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Terms of the Exchange

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, exchange notes for an equal principal amount of outstanding notes. The terms of the exchange notes are identical in all material respects to those of the outstanding notes, except for the transfer restrictions and registration rights relating to the outstanding notes which will not apply to exchange notes. The exchange notes will be entitled to the benefits of the indenture. See "Description of the Exchange Notes."

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The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered or accepted for exchange. As of the date of this prospectus, \$300.0 million aggregate principal amount of the outstanding notes is outstanding. Outstanding notes tendered in the exchange offer must be in denominations of a minimum principal amount of \$1,000 or any integral multiple thereof.

Based on certain interpretive letters issued by the staff of the Securities and Exchange Commission to third parties in unrelated transactions, holders of outstanding notes, except any holder who is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act, who exchange their outstanding notes for exchange notes pursuant to the exchange offer generally may offer the exchange notes for resale, resell the exchange notes and otherwise transfer the exchange notes without compliance with the registration and prospectus delivery provisions of the Securities Act, *provided* that the exchange notes are acquired in the ordinary course of the holders' business and such holders are not participating in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See "Plan of Distribution." In addition, to comply with the securities laws of individual jurisdictions, if applicable, the exchange notes may not be offered or sold unless they have been registered or qualified for sale in the jurisdiction or an exemption from registration or qualification is available and complied with. We have agreed, pursuant to our registration rights agreement to register or qualify the exchange notes for offer or sale under the securities or blue sky laws of the jurisdictions you reasonably request in writing. If you do not exchange such outstanding notes for exchange notes pursuant to the exchange offer, your outstanding notes will continue to be subject to the restrictions on transfer contained in the legend set forth on the outstanding notes.

If any holder of the outstanding notes is an affiliate of ours, is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes to be acquired in the exchange offer, the holder cannot rely on the applicable interpretations of the Securities and Exchange Commission and must comply with the registration requirements of the Securities Act in connection with any resale of outstanding notes or effect the resale pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act and applicable state securities laws.

Expiration Date; Extensions; Termination; Amendments

The exchange offer expires on the expiration date, which is 5:00 p.m., New York City time, on August 14, 2002, unless we in our sole discretion extend the period during which the exchange offer is open.

We reserve the right to extend the exchange offer at any time and from time to time prior to the expiration date by giving written notice to J.P. Morgan Trust Company, National Association, the exchange agent, and by public announcement communicated by no later than 9:00 a.m. on the business day following the previously scheduled expiration date, unless otherwise required by applicable law or regulation, by making a release to the Dow Jones News Service. During any extension of the exchange offer, all outstanding notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us unless withdrawn.

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The exchange date will be the second business day following the expiration date. We expressly reserve the right to:

terminate the exchange offer and not accept for exchange any outstanding notes for any reason, including if any of the events set forth below under " Conditions to the Exchange Offer" shall have occurred and shall not have been waived by us; and

amend the terms of the exchange offer in any manner, whether before or after any tender of the outstanding notes.

If any termination or amendment occurs, we will notify the exchange agent in writing and will either issue a press release or give written notice to the holders of the outstanding notes as promptly as practicable.

Unless we terminate the exchange offer prior to 5:00 p.m., New York City time, on the expiration date, we will exchange the exchange notes for the tendered outstanding notes on the exchange date. Any outstanding notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after expiration or termination of the exchange offer. See " Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes."

This prospectus and the related letter of transmittal and other relevant materials will be mailed by us to record holders of outstanding notes and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the lists of holders for subsequent transmittal to beneficial owners of outstanding notes.

Procedures for Tendering Outstanding Notes

The tender of outstanding notes by you pursuant to any one of the procedures set forth below will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

General Procedures. You may tender the outstanding notes by:

properly completing and signing the letter of transmittal or a facsimile and delivering the letter of transmittal together with:

the certificate or certificates representing the outstanding notes being tendered and any required signature guarantees, to the exchange agent at its address set forth in the letter of transmittal on or prior to the expiration date; or

a timely confirmation of a book-entry transfer of the outstanding notes being tendered, if the procedure is available, into the exchange agent's account at The Depository Trust Company pursuant to the procedure for book-entry transfer described below, or

complying with the guaranteed delivery procedures described below.

If tendered outstanding notes are registered in the name of the signer of the letter of transmittal and the exchange notes to be issued in exchange therefor are to be issued, and any untendered outstanding notes are to be reissued, in the name of the registered holder, the signature of the signer need not be guaranteed. In any other case, the tendered outstanding notes must be endorsed or accompanied by written instruments of transfer in form satisfactory to us and duly executed by the registered holder and the signature on the endorsement or instrument of transfer must be guaranteed by a commercial bank or trust company located or having an office or correspondent in the United States or by a member firm of a national securities exchange or of the National Association of Securities Dealers, Inc. or by a member of a signature medallion program such as "STAMP." If the exchange notes and/or outstanding notes not exchanged are to be delivered to an address other than

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that of the registered holder appearing on the note register for the outstanding notes, the signature on the letter of transmittal must be guaranteed by an eligible institution.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender outstanding notes should contact the holder promptly and instruct the holder to tender outstanding notes on the beneficial owner's behalf. If the beneficial owner wishes to tender the outstanding notes itself, the beneficial owner must, prior to completing and executing the letter of transmittal and delivering the outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in the beneficial owner's name or follow the procedures described in the immediately preceding paragraph. The transfer of record ownership may take considerable time.

A tender will be deemed to have been received as of the date when:

the tendering holder's properly completed and duly signed letter of transmittal accompanied by the outstanding notes is received by the exchange agent;

the tendering holder's properly completed and duly signed letter of transmittal accompanied by a book-entry confirmation is received by the exchange agent; or

a notice of guaranteed delivery or letter or facsimile transmission to similar effect from an eligible institution is received by the exchange agent.

Issuances of exchange notes in exchange for outstanding notes tendered pursuant to a notice of guaranteed delivery or letter or facsimile transmission to similar effect by an eligible institution will be made only against deposit of the letter of transmittal, the tendered outstanding notes, or book-entry confirmation, if applicable and any other required documents.

All questions as to the validity, form, eligibility, including time of receipt, and acceptance for exchange of any tender of outstanding notes will be determined by us, and will be final and binding. We reserve the absolute right to reject any or all tenders not in proper form or the acceptances for exchange of which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any of the conditions of the exchange offer or any defects or irregularities in tenders of any particular holder whether or not similar defects or irregularities are waived in the case of other holders. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. Our interpretation of the terms and conditions of the exchange offer, including the letter of transmittal and its instructions, will be final and binding.

The method of delivery of outstanding notes and all other documents is at the election and risk of the tendering holders, and delivery will be deemed made only when actually received and confirmed by the exchange agent. If the delivery is by mail, we recommend that you use registered mail properly insured with return receipt requested and that the mailing be made sufficiently in advance of the expiration date to permit delivery to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date. As an alternative to delivery by mail, holders may wish to consider overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date. No letter of transmittal or outstanding notes should be sent to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for the holders.

Book-Entry Transfer. The exchange agent will make a request to establish an account with respect to the outstanding notes at the book-entry transfer facility for purposes of the exchange offer within two business days after the date of the prospectus, and any financial institution that is a participant in the book-entry transfer facility's systems may make book-entry delivery of outstanding notes by causing the book-entry transfer facility to transfer the outstanding notes into the exchange agent's account at

the book-entry transfer facility in accordance with the book-entry transfer facility's procedures for transfer.

Guaranteed Delivery Procedures. If you desire to tender outstanding notes pursuant to the exchange offer, but time will not permit a letter of transmittal, the outstanding notes or other required documents to reach the exchange agent on or before the expiration date, or if the procedures for book-entry transfer cannot be completed on a timely basis, a tender may be effected if the exchange agent has received, at its

office, a letter or facsimile transmission from an eligible institution setting forth the name and address of the tendering holder, the names in which the outstanding notes are registered, the principal amount of the outstanding notes being tendered and, if possible, the certificate numbers of the outstanding notes to be tendered, and stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange trading days after the expiration date, the outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal and any other required documents, will be delivered by the eligible institution to the exchange agent in accordance with the procedures outlined above. Unless outstanding notes being tendered by the above-described method are deposited with the exchange agent, including through a book-entry confirmation, within the time period set forth above and accompanied or preceded by a properly completed letter of transmittal and any other required documents, we may, at our option, reject the tender. Copies of a notice of guaranteed delivery which may be used by eligible institutions for the purposes described in this paragraph are available from the exchange agent.

Terms and Conditions of the Letter of Transmittal

The letter of transmittal contains, among other things, the following terms and conditions, which are part of the exchange offer.

The transferring party tendering outstanding notes for exchange thereby exchanges, assigns and transfers the outstanding notes to us and irrevocably constitutes and appoints the exchange agent as the transferor's agent and attorney-in-fact to cause the outstanding notes to be assigned, transferred and exchanged. The transferor represents and warrants that it has full power and authority to tender, exchange, assign and transfer the outstanding notes and to acquire exchange notes issuable upon the exchange of the tendered outstanding notes and that, when the same are accepted for exchange, we will acquire good and unencumbered title to the tendered outstanding notes, free and clear of all liens, restrictions except restrictions on transfer, charges and encumbrances and not subject to any adverse claim. The transferor also warrants that it will, upon request, execute and deliver any additional documents deemed by the exchange agent or us to be necessary or desirable to complete the exchange, assignment and transfer of tendered outstanding notes. The transferor further agrees that acceptance of any tendered outstanding notes by us and the issuance of exchange notes in exchange therefor will constitute performance in full by us of our obligations under the registration rights agreement and that we will have no further obligations or liabilities under the registration rights agreement, except in certain limited circumstances. All authority conferred by the transferor will survive the death, bankruptcy or incapacity of the transferor and every obligation of the transferor will be binding upon the heirs, legal representatives, successors, assigns, executors, administrators and trustees in bankruptcy of the transferor.

By tendering outstanding notes and executing the letter of transmittal, the transferor certifies that:

it is not an affiliate of us or our subsidiaries or, if the transferor is an affiliate of us or our subsidiaries, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not the person is the holder;

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the transferor has not entered into an arrangement or understanding with any other person to participate in the distribution, within the meaning of the Securities Act, of the exchange notes;

the transferor is not a broker-dealer who purchased the outstanding notes for resale pursuant to an exemption under the Securities Act; and

if the transferor is not a broker-dealer, the transferor is not engaged in, and does not intend to engage in, a distribution of the exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Withdrawal Rights

Outstanding notes tendered pursuant to the exchange offer may be withdrawn at any time prior to the expiration date.

For a withdrawal to be effective, a written letter or facsimile transmission notice of withdrawal must be received by the exchange agent at its address set forth in the letter of transmittal not later than the close of business on the expiration date. Any notice of withdrawal must specify the person named in the letter of transmittal as having tendered outstanding notes to be withdrawn, the certificate numbers and principal amount of outstanding notes to be withdrawn, that the holder is withdrawing its election to have such outstanding notes exchanged and the name of the registered holder of the outstanding notes, and must be signed by the holder in the same manner as the original signature on the letter of transmittal, including any required signature guarantees, or be accompanied by evidence satisfactory to us that the person withdrawing the tender has succeeded to the beneficial ownership of the outstanding notes being withdrawn. The exchange agent will return the properly withdrawn outstanding notes promptly following receipt of notice of withdrawal. Properly withdrawn outstanding notes may be retendered by following one of the procedures described under " Procedures for Tendering Outstanding Notes" above at any time on or prior to the expiration date. If outstanding notes have been tendered pursuant to the procedures for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of such facility. All questions as to the validity of notices of withdrawals, including time of receipt, will be determined by us, and will be final and binding on all parties.

Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes

Upon the terms and subject to the conditions of the exchange offer, the acceptance for exchange of outstanding notes validly tendered and not withdrawn and the issuance of the exchange notes will be made on the exchange date. For purposes of the exchange offer, we will be deemed to have accepted for exchange validly tendered outstanding notes when, and if we have given written notice to the exchange agent.

The exchange agent will act as agent for the tendering holders of outstanding notes for the purposes of receiving exchange notes from us and causing the outstanding notes to be assigned, transferred and exchanged. Upon the terms and subject to the conditions of the exchange offer, delivery of exchange notes to be issued in exchange for accepted outstanding notes will be made by the exchange agent promptly after acceptance of the tendered outstanding notes. Any outstanding notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder or, in the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at the book-entry transfer facility pursuant to the book-entry

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transfer procedures described above, the outstanding notes will be credited to an account maintained by the holder with the book-entry transfer facility for the outstanding notes, as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, or any extension of the exchange offer, we will not be required to issue exchange notes in exchange for any properly tendered outstanding notes not previously accepted and may terminate the exchange offer, by oral or written notice to the exchange agent and by timely public announcement communicated, unless otherwise required by applicable law or regulation, by making a release to the Dow Jones News Service, or, at its option, modify or otherwise amend the exchange offer, if:

there shall be threatened, instituted or pending any action or proceeding before, or any injunction, order or decree shall have been issued by, any court or governmental agency or other governmental regulatory or administrative agency or of the Securities and Exchange Commission:

seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer,

assessing or seeking any damages as a result thereof, or

resulting in a material delay in our ability to accept for exchange or exchange some or all of the outstanding notes pursuant to the exchange offer; or

the exchange offer shall violate any applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

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The foregoing conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offer regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in its sole discretion. If we waive a condition that results in a material change to the exchange offer, we will promptly disclose the waiver in a supplemental prospectus and deliver the supplemental prospectus to registered holders of existing notes. Depending upon the significance of the waiver and the manner of delivery of the supplemental prospectus, we will also keep the exchange offer open for an additional period of between five and ten business days if the exchange offer would otherwise expire within such five to ten business day period.

The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right, and each right will be deemed an ongoing right which may be asserted at any time or from time to time. In addition, we have reserved the right, notwithstanding the satisfaction of each of the foregoing conditions, to terminate or amend the exchange offer.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any outstanding notes tendered, and no exchange notes will be issued in exchange for any outstanding notes, if at such time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus is a part or qualification of the indenture under the Trust Indenture Act of 1939, as amended.

Exchange Agent

J.P. Morgan Trust Company, National Association has been appointed as the exchange agent for the exchange offer. Questions relating to the procedure for tendering, as well as requests for additional

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copies of this prospectus or the letter of transmittal and requests for notices of guaranteed delivery, should be directed to the exchange agent addressed as follows:

<i>By Registered or Certified Mail:</i>	<i>Facsimile Transmission Number:</i>	<i>By Hand/Overnight Delivery:</i>
J.P. Morgan Trust Company, National Association One Liberty Place, Suite 5210 1650 Market Street Philadelphia, PA 19103 Attention: Robert J. Sutton	<i>(For Eligible Institutions Only):</i> 215-568-1450 <i>To Confirm by Telephone or for Information Call:</i> 215-988-1320	J.P. Morgan Trust Company, National Association One Liberty Place 1650 Market Street, Suite 5210 Philadelphia, PA 19103 Attention: Robert J. Sutton

Delivery of the letter of transmittal to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

J.P. Morgan Trust Company, National Association also acts as trustee under the indenture.

Solicitation of Tenders; Expenses

We have not retained any dealer-manager or similar agent in connection with the exchange offer and we will not make any payments to brokers, dealers or others for soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for reasonable out-of-pocket expenses in connection therewith. The expenses to be incurred in connection with the exchange offer, including the fees and expenses of the exchange agent and printing, accounting and legal fees, will be paid by us and are estimated at approximately \$100,000.

No person has been authorized to give any information or to make any representations in connection with the exchange offer other than those contained in this prospectus. If given or made, the information or representations should not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any exchange made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the respective dates as of which information is given in this prospectus. The exchange offer is not being made to, nor will tenders be accepted from or on behalf of, holders of outstanding notes in any jurisdiction in which the making of the exchange offer or the acceptance would not be in compliance with the laws of the jurisdiction. However, we may, at our discretion, take any action as we may deem necessary to make the exchange offer in any jurisdiction and extend the exchange offer to holders of outstanding notes in the

jurisdiction. In any jurisdiction the securities laws or blue sky laws of which require the exchange offer to be made by a licensed broker or dealer, the exchange offer is being made on behalf of us by one or more registered brokers or dealers which are licensed under the laws of the jurisdiction.

Appraisal Rights