HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form DEF 14A
October 21, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

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(as permitted by Rule 14a-6(e)(2))

Harman International Industries, Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Harman International Industries, Incorporated

400 Atlantic Street

Stamford, CT 06901

October 21, 2013

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Harman International Industries, Incorporated, a Delaware corporation. The meeting will be held on Wednesday, December 4, 2013, beginning at 11:00 a.m. Eastern Time. We are very pleased that this year s annual meeting will again be a completely virtual meeting of stockholders, meaning that you may participate solely by means of remote communication. You will be able to attend the 2013 Annual Meeting, vote, and submit your questions during the meeting via live webcast by visiting www.virtualshareholdermeeting.com/HAR2013.

As permitted by the rules of the Securities and Exchange Commission, we are also pleased to be furnishing our proxy materials to stockholders primarily over the Internet. We believe this process expedites stockholders receipt of the materials, lowers the costs of our annual meeting, and conserves natural resources. On or about October 25, 2013, we will mail our stockholders (other than those who previously requested electronic or paper delivery) a notice containing instructions on how to access our 2013 Proxy Statement and 2013 Annual Report and vote online. The notice will also include instructions on how you can receive a paper copy of the proxy materials, including the notice of annual meeting, 2013 Proxy Statement, and proxy card. If you elect to receive your proxy materials by mail, the notice of annual meeting, 2013 Proxy Statement, and proxy card from our Board of Directors will be enclosed. If you elect to receive your proxy materials via e-mail, the e-mail will contain voting instructions and links to the 2013 Proxy Statement and 2013 Annual Report on the Internet.

At the meeting, management will report on our company s operations during fiscal 2013 and comment on our outlook for the current fiscal year. The report will be followed by a question and answer period.

It is important that your shares be represented at the meeting. To ensure representation of your shares, please review the proxy materials and vote your shares over the Internet in advance of the meeting. Any proxy materials sent to you will include a proxy card that you may sign, date and return by mail or you may vote by using the telephone or Internet voting procedures described on the proxy card.

Sincerely,

Dinesh C. Paliwal
Chairman, Chief Executive Officer and President

Harman International Industries, Incorporated

400 Atlantic Street

Stamford, CT 06901

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on December 4, 2013

To Our Stockholders:

The 2013 Annual Meeting of Stockholders of Harman International Industries, Incorporated (the Annual Meeting) will be held on December 4, 2013, beginning at 11:00 a.m. Eastern Time. You may attend the Annual Meeting, vote your shares electronically and submit questions during the Annual Meeting by visiting www.virtualshareholdermeeting.com/HAR2013. Be sure to have your 12-digit Control Number to enter the Annual Meeting. The Annual Meeting will be held for the following purposes:

(1) To elect the ten directors named in the Proxy Statement to serve until the 2014 Annual Meeting of Stockholders;

(2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for our 2014 fiscal year;

(3) To approve an amendment to our 2012 Stock Option and Incentive Plan;

(4) To approve the 2014 Key Executive Officers Bonus Plan;

(5) To hold an advisory vote on executive compensation; and

(6) To conduct any other business that may be properly brought before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

Information concerning the matters to be acted upon at the Annual Meeting is set forth in the accompanying Proxy Statement, which you are encouraged to access and review prior to submitting your vote. The Board of Directors of Harman International Industries, Incorporated recommends that you vote FOR the election of the ten director nominees, FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for our 2014 fiscal year, FOR approval of the amendment to our 2012 Stock Option and Incentive Plan, FOR approval of the 2014 Key Executive Officers Bonus Plan and FOR, on an advisory basis, the compensation paid to our company s named executive officers.

Stockholders of record as of the close of business on October 7, 2013 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

You have three options for submitting your vote before the 2013 Annual Meeting:

- Internet;
- Phone; or
- Mail.

Please vote as soon as possible to record your vote promptly by signing, dating and promptly returning the proxy card in the enclosed postage prepaid envelope or by using the telephone or Internet voting procedures described on the proxy card, even if you plan to attend the 2013 Annual Meeting on the Internet.

Important Notice regarding the Availability of Proxy Materials for the

Annual Meeting of Stockholders to be Held on December 4, 2013

The 2013 Proxy Statement and 2013 Annual Report to Stockholders

are available at: https://proxyvote.com

As permitted by the rules of the Securities and Exchange Commission, we are furnishing our proxy materials to stockholders primarily over the Internet. We believe this process expedites stockholders receipt of the materials, lowers the costs of the Annual Meeting, and conserves natural resources. On or about October 25, 2013, we will mail our stockholders (other than those who previously requested electronic or paper delivery) a notice containing instructions on how to access our 2013 Proxy Statement and 2013 Annual Report and vote online. The notice will also include instructions on how you can receive a paper copy of the 2013 Annual Report and the proxy materials, including the notice of annual meeting, 2013 Proxy Statement and proxy card. If you elect to receive your proxy materials by mail, the notice of annual meeting, 2013 Proxy Statement, proxy card from our Board of Directors and 2013 Annual Report will be enclosed. If you elect to receive our proxy materials electronically, you will receive an email with instructions to access these materials via the Internet unless you elect otherwise.

By Order of the Board of Directors,

Marisa Iasenza
Corporate Secretary and Associate General Counsel

Stamford, CT

October 21, 2013

2013 Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Time and Date	11:00 a.m., December 4, 2013
Place	www.virtualshareholdermeeting.com/HAR2013
Record date	October 7, 2013
Voting	Stockholders as of the record date are entitled to vote. Each share of Common Stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

Meeting Agenda

- Election of ten directors
- Ratification of KPMG as auditors for fiscal year 2014
- Approval of an amendment to the 2012 Stock Option and Incentive Plan
- Approval of the 2014 Key Executive Officers Bonus Plan
- Advisory vote on executive compensation
- Transact other business that may properly come before the Annual Meeting

Voting Matters

Proposal No.	Matter	Board Vote Recommendation	Page Reference (for more detail)
1	Election of Directors	FOR EACH DIRECTOR NOMINEE	5
2	Ratification of KPMG as Auditor for Fiscal Year 2014	FOR	47
3	Approval of an amendment to the 2012 Stock Option and Incentive Plan	FOR	49
4	Approval of the 2014 Key Executive Officers Bonus Plan	FOR	58
5	Advisory Vote on Executive Compensation	FOR	61

Board Nominees

The following table provides summary information about each of our director nominees. At the 2011 Annual Meeting of Stockholders, our stockholders approved, upon recommendation of our Board of Directors (the Board), amendments to Article Eighth of our Restated Certificate of Incorporation and Article III of our Bylaws to provide that directors shall be elected on an annual basis. The amendments became effective upon our filing a Certificate of Amendment with the Delaware Secretary of State on December 12, 2011. As a result of the stockholder approval of such amendments, each director nominee will be elected for a one year term. Each director is elected by a majority of the votes cast. After careful consideration, the Board has determined that it is in the best interests of our company to continue to have one vacancy on our Board following the election of directors at our Annual Meeting.

Name	Age	Director Since	Occupation	Experience/Qualification	Independent
Adriane M. Brown(1)	55	2013	President and Chief Operating Officer, Intellectual Ventures	Leadership Strategy Innovation/Technology Operations	X
John W. Diercksen(3)	64	2013	Former Executive Vice President, Verizon Communications	Strategy Finance & Accounting	X
Ann McLaughlin Korologos(2)	71	1995	Former Chairman, Rand Corporation Board of Trustees; Chairman Emeritus of the Aspen Institute	Corporate Governance Leadership/Succession Risk Management Regulatory and Governmental Affairs	X
Dr. Jiren Liu	58	2009	Chairman & CEO, Neusoft Corporation	Strategy Leadership Innovation/Technology Emerging Markets	
Edward H. Meyer(1)(2)	86	1990	Chairman & CEO, Ocean Road Advisors, Inc.	Corporate Governance Marketing Capital Markets/ Allocation Executive Compensation	X
Dinesh C. Paliwal	55	2007	Chairman, CEO & President, Harman International Industries, Incorporated	Leadership/Succession Strategy Global Operations Innovation/Technology	
Kenneth M. Reiss(2)(3)	70	2008	Former Managing Partner, Ernst & Young	Corporate Governance Finance & Accounting Risk Management	X
Hellene S. Runtagh(1)(3)	65	2008	Former President & CEO, Berwind Group	Leadership Operations/Audit Information Technology	X
Frank S. Sklarsky(1)(3)	56	2012	CFO and Executive Vice President, PPG Industries, Inc.	Leadership Finance & Accounting	X

				Strategy	
				Automotive	
Gary G. Steel(1)(2)	60	2007	Head of Group HR, ABB Ltd.	Executive Compensation	X
				Talent/Succession	
				Leadership	

(1) Member of Compensation and Option Committee
(2) Member of Nominating and Governance Committee
(3) Member of Audit Committee

With the exception of Dr. Liu, no director nominee, all of which are current directors, attended fewer than 75% of the board meetings and committee meetings on which he or she sits during fiscal year 2013.

Auditors

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of KPMG as our independent auditor for fiscal year 2014. Set forth below is summary information with respect to KPMG s fees for services provided in fiscal years 2013 and 2012.

Type of Fees	Fiscal Year 2013	Fiscal Year 2012
Audit fees	$ 5,052,000	$ 4,685,482
Audit-related fees	172,000	145,078
Tax fees	980,000	638,488
All other fees	38,000	43,515
Total	$ 6,242,000	$ 5,512,563

Amendment to the 2012 Stock Option and Incentive Plan

We are asking our stockholders to approve an amendment to our 2012 Stock Option and Incentive Plan (the 2012 Incentive Plan) that would (a) increase the number of shares of Common Stock available for future awards under the 2012 Incentive Plan by 2,869,821 shares and (b) modify certain share counting provisions. The 2012 Incentive Plan was approved by our stockholders in 2011 and is designed to attract, motivate and retain executives, key employees and non-officer directors. Our competitive compensation programs are designed to reinforce our pay-for-performance culture and rely heavily on equity grants for our executives and eligible key employees under the 2012 Incentive Plan. The Compensation and Option Committee of our Board (Compensation Committee) believes that the increase in the aggregate number of shares available for future grants under the 2012 Incentive Plan is appropriate to permit the grant of equity awards at expected levels for the next three years. If the amendment to the 2012 Incentive Plan is not approved by our stockholders, it will be of no effect and the amount of shares available for issuance under the 2012 Incentive Plan will remain unchanged, although we may have insufficient shares available for future awards which may result in the use of cash-settled or cash-based long-term incentives rather than equity. Consequently, the Board recommends that you vote FOR the proposal to approve the amendment to the 2012 Stock Plan to (a) increase the number of shares available for awards under the plan and (b) modify certain share counting provisions.

Approval of 2014 Key Executive Officers Bonus Plan

We are asking our stockholders to approve the 2014 Key Executive Officers Bonus Plan (the 2014 Key Executive Plan) in order to allow the Compensation Committee to have discretion to grant awards which qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Section 162(m) of the Code requires that stockholders approve (or re-approve) the performance criteria under a Section 162(m) qualified plan every five years in order to continue granting performance-based awards that qualify as performance-based compensation pursuant to Section 162(m). Approval of this proposal will constitute approval of the material terms of the performance goals and award limits for performance-based awards, which will allow our company the opportunity to make awards under the 2014 Key Executive Plan that are tax deductible in compliance with the performance-based compensation exception to Section 162(m) of the Code and permit our company to claim an income tax deduction for the payment of such awards.

The purpose of the 2014 Key Executive Plan is to attract and retain key executives and to provide them with incentives for superior performance. As compared to the 2008 Key Executive Plan, the new plan would (i) increase the maximum cash award payable to any plan participant during a fiscal year from $3 million to $5 million and (ii) limit a participant s award amount upon a change in control to a pro-rated amount of the participant s target award amount. The Board recommends that you vote FOR the proposal to approve the 2014 Key Executive Plan.

Executive Compensation Advisory Vote

We are asking our stockholders to approve on an advisory basis our named executive officer compensation. The Board recommends a FOR vote because it believes that our compensation policies and practices are effective in achieving our company s goals of recognizing financial and operating performance and leadership excellence, and aligning our executives long-term interests with those of our stockholders.

Executive Compensation Elements

Type	**Form**	**Terms**
Equity	2/3 Performance-vested restricted share units (Performance RSUs) at maximum achievement	Performance RSUs have a three-year performance period with three objective performance measures
	1/3 Time-vested restricted share units (RSUs)	RSUs generally vest on the third anniversary of the date of grant
Cash	Salary	Increases must be approved by the Compensation and Option Committee and/or the Board
	Annual incentive compensation	Based on quantitative and qualitative performance goals
Retirement	Supplementary pension (CEO and Mr. Augsburger only)	Ten year vesting, payable at or after age 55. As of September 2008, our company no longer offers this benefit to newly hired or newly appointed executive officers
Severance	Severance payable upon termination of employment in certain specified circumstances or upon a change in control	Severance benefit ranges from a multiple of one time base salary plus pro rata bonus to three times base salary plus full bonus
Other	Perquisites	Supplemental life insurance, car allowances, Harman products at cost, legal services

Other Key Compensation Features

- Executive share ownership requirements (five times base salary for CEO, and three times base salary for all other executive committee members)
- Double trigger event required for severance benefits for the majority of our executive officers upon a change in control
- Only CEO and CFO entitled to tax gross-ups for excise taxes in the event of a change in control (our company has discontinued this practice)
- Clawback Policy permits recovery of any incentive compensation paid to a current or former executive officer in the event of a material negative accounting restatement of our financial statements due to material noncompliance by our company with any financial reporting requirement under the securities laws

Basis for Compensation Decisions

Fiscal year 2013 was a challenging year for our company. Net sales in fiscal year 2013 were $4.3 billion, down two percent from the prior year due primarily to lower automotive sales resulting from the recession in Europe and delays in capital projects in the U.S. and China. However, net sales for the fourth quarter of fiscal year 2013 were $1.182 billion, an increase of eight percent compared to the same period last year, as all three of our divisions reported sales increases. This increase in net sales was due to a number of strategic measures implemented by our management team to create sustainable stockholder value, including the expansion of recent platform launches in the Infotainment Division, growth in home and multimedia products in the Lifestyle Division, and the expansion of the Professional Division s product portfolio into lighting and stronger professional audio sales. Moreover, our investment in emerging markets resulted in continued strong revenue growth. In fiscal year 2013, our sales increased in these emerging markets to $550.3 million, an increase of $21.7 million, or 4.1 percent, over fiscal year 2012. In addition, during the fourth quarter of fiscal year 2013, we continued to return value to our stockholders by doubling our dividend and authorizing the repurchase of up to an additional $200 million of our common stock.

Our executive compensation philosophy continues to focus on pay-for-performance. As a result, compensation increases, if any, for our executive officers are generally tied to our company s performance, external benchmark data and each executive s contributions to that performance through their respective responsibilities. At the same time, we balance our annual guaranteed pay with at-risk pay so as to mitigate excessive risk taking to our company.

Key Changes to Compensation Program to Enhance Pay-For-Performance for Fiscal Year 2014

- Increased executive share ownership requirements to six times base salary for CEO.
- Increased the weighting on Performance RSUs from 50% of target long-term incentives to 60% of target long-term incentives, and decreased the weighting on RSUs from 50% of target long-term incentives to 40% of target long-term incentives.
- Maintained the same three performance metrics (three-year cumulative earnings per share, three-year relative total shareholder return, and three-year average return on invested capital), but determined that return on invested capital would be applied as a modifier, rather than a weighted factor.

2014 Annual Meeting

Deadline for stockholder proposals	August 26, 2014

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HARMAN INTERNATIONAL INDUSTRIES, INCORPORATED

400 Atlantic Street

Stamford, CT 06901

PROXY STATEMENT

FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS

This Proxy Statement provides information in connection with the solicitation of proxies by the Board of Directors (the Board) of Harman International Industries, Incorporated (sometimes referred to as we, us, our, or our company) for use at our 2013 Annual Meeting of Stockholders or any postponement or adjournment thereof (the Meeting). This Proxy Statement also provides information you will need in order to consider and to act upon the matters specified in the accompanying Notice of Annual Meeting of Stockholders.

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy materials to each stockholder of record, we will furnish our proxy materials on the Internet. If you receive a Notice of Internet Availability of Proxy Materials (the Notice) by mail, you will not receive a printed copy of the proxy materials other than as described in this Proxy Statement. Instead, the Notice will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice will also instruct you as to how you may submit your proxy over the Internet. If you receive a Notice by mail and would like to receive a printed copy of our proxy materials or vote by telephone, you should follow the instructions for requesting proxy materials included in the Notice.

It is anticipated that the Notice will be sent to Stockholders on or about October 25, 2013. The Proxy Statement and the form of proxy relating to the Meeting will be made available to Stockholders on the date that the Notice is first sent.

Holders of record of our common stock, $0.01 par value per share (Common Stock), as of the close of business on October 7, 2013 (the Record Date) are entitled to vote at the Meeting. Each stockholder of record as of the Record Date is entitled to one vote for each share of Common Stock held by such stockholder. On October 7, 2013, there were 68,782,764 shares of Common Stock outstanding and entitled to vote.

You cannot vote your shares of Common Stock unless you are present at the Meeting or you have previously given your proxy. You can vote by proxy in one of three convenient ways:

in writing: sign, date and return the proxy card in the enclosed envelope;

by telephone: within the U.S. or Canada, call the toll-free telephone number shown on your proxy card and follow the instructions; or

by Internet: visit the website shown on your proxy card and follow the instructions.

You may revoke your proxy at any time prior to the vote at the Meeting by:

delivering a written notice revoking your proxy to our company s Corporate Secretary at the address above;

delivering a new proxy bearing a date after the date of the proxy being revoked; or

voting in person at the Meeting.

All properly executed proxies, unless revoked as described above, will be voted at the Meeting in accordance with your directions on the proxy. If a properly executed proxy does not provide instructions, the shares of Common Stock represented by your proxy will be voted as follows:

FOR the election of each of the ten director nominees to serve until our company s 2014 Annual Meeting of Stockholders;

FOR the ratification of our selection of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year;

FOR the approval of an amendment to our 2012 Stock Option and Incentive Plan;

FOR the approval of the 2014 Key Executive Officers Bonus Plan;

FOR the approval of the compensation paid to our company s named executive officers; and

at the discretion of the proxy holders with regard to any other matter that is properly presented at the Meeting.

A majority of the outstanding shares of Common Stock must be present, in person or by proxy, to constitute a quorum at the Meeting.

Our company s majority voting policy requires any director nominee in an uncontested election who receives a greater number of votes against than votes for his or her election to tender his or her resignation promptly following the certification of the election results. The Nominating and Governance Committee of the Board will consider all of the relevant facts and circumstances and make a recommendation to the Board with respect to accepting or rejecting the resignation. Within 90 days, the Board is required to take action with respect to the recommendation and to publicly disclose its decision by issuing a press release. The majority voting policy is more fully described below in The Board, Its Committees and Its Compensation Corporate Governance Majority Voting Policy.

Those stockholders who fail to return a proxy or attend the Meeting will not have their shares of Common Stock count towards determining any required vote or quorum. Stockholders and brokers returning proxies or attending the Meeting who abstain from voting on the election of our directors will count towards determining a quorum. Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. In the event that a broker does not receive voting instructions for these matters from its customers, a broker may notify us that it lacks voting authority to vote those shares. These broker non-votes refer to votes that could have been cast on the matter in question by brokers with respect to uninstructed shares if the brokers had received their customers instructions. These broker non-votes will be included in determining whether a quorum exists. Your broker is not permitted to vote on your behalf on non-routine matters, which include the election of directors and the advisory vote on executive compensation, unless you provide specific instructions by completing and returning the proxy card or following the instructions provided to you to vote your shares via telephone or the Internet. The proposal to ratify the appointment of our company s independent registered public accounting firm is considered a routine matter under the New York Stock Exchange rules, which means that your bank, broker or other nominee will have discretionary authority to vote your shares held in street name on that matter. To ensure your shares are voted in the manner you desire, you should instruct your broker, bank or other financial institution before the date of the Meeting on how to vote your shares.

Each of the approval of the amendment to the 2012 Stock Option and Incentive Plan, approval of the 2014 Key Executive Officers Bonus Plan, approval of the advisory vote on executive compensation and ratification of the independent registered public accounting firm requires the affirmative vote of a majority of the votes cast by stockholders entitled to vote, present in person or represented by proxy at the Meeting. Therefore, abstentions, shares not voted and broker non-votes, if any, will not be treated as votes cast and have no effect on these matters.

If you own shares through our employee retirement savings and investment plan, and you do not direct the trustee of the 401(k) plan to vote your shares, then the trustee will vote the shares credited to your account in the same proportion as the voting of shares for which the trustee receives direction from other participants.

We are soliciting your proxy and will pay the cost of preparing and mailing this Proxy Statement and the enclosed proxy card. Additionally, our employees may solicit proxies personally and by telephone. Our employees will receive no compensation for soliciting proxies other than their regular salaries. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of these proxy materials to their principals and to request authority for the execution of proxies. We may reimburse such persons for their expenses in so doing.

QUESTIONS AND ANSWERS

Q: Who can attend the Meeting?

A: All stockholders of record as of the close of business on October 7, 2013 can attend the Meeting.

Q: What do I need to do to attend the Meeting?

A: We will be hosting the Meeting live via the Internet. A summary of the information you need to attend the Meeting online is provided below:

Any stockholder can attend the Meeting live via the Internet at www.virtualshareholdermeeting.com/HAR2013

Webcast starts at 11:00 a.m. Eastern Time

Stockholders may vote and submit questions while attending the Meeting on the Internet

Please have your 12-Digit Control Number to enter the Meeting

Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at www.proxyvote.com

Questions regarding how to attend and participate via the Internet will be answered by calling 1-855-449-0991 on the day before the Meeting and the day of the Meeting

Webcast replay of the Meeting will be available until December 4, 2014

Q: Will there be a management presentation at the Meeting?

A: Management will give a brief presentation at the Meeting.

Q: If more than one stockholder lives in my household, how can I obtain an extra copy of this Proxy Statement and the Annual Report?

A: Pursuant to the rules of the SEC, services that deliver our communications to stockholders who hold their shares through a broker or other nominee may deliver to multiple stockholders sharing the same address a single copy of this Proxy Statement and our Annual Report. Upon written or oral request, we will mail a separate copy of this Proxy Statement and our Annual Report to any stockholder at a shared address to which a single copy of each document was delivered. You may contact us with your request by writing to our company s

Corporate Secretary at the following address: 400 Atlantic Street, Suite 1500, Stamford, CT 06901, or by calling (203) 328-3500. We will mail materials you request at no cost to you. You can also access this Proxy Statement and our Annual Report online at https://materials.proxyvote.com/413086.

Q. How many votes are needed to approve each proposal?

A. For Proposal No. 1, the election of directors to hold office until the 2014 Annual Meeting of Stockholders, a nominee will be elected if the number of votes cast For that nominee exceeds the number of Against votes cast for that nominee. The affirmative vote of a majority of the shares which are present at the meeting in person or by proxy and entitled to vote thereon, is required to: ratify the appointment of our independent registered public accounting firm (Proposal No. 2); approve the amendment to our 2012 Stock Option and Incentive Plan (Proposal No. 3); approve the 2014 Key Executive Officers Bonus Plan (Proposal No. 4); and approve, by non-binding vote, our executive compensation (Proposal No. 5). Abstentions and broker non-votes have no effect on the outcome of Proposal Nos. 1, 2, 3, 4 and 5.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Until our 2011 Annual Meeting of Stockholders (the 2011 Annual Meeting), our Board was divided into three classes with each class consisting, as nearly as possible, of one-third of the total number of directors, and with members of each class elected for staggered three-year terms. Commencing with our 2011 Annual Meeting, we opted to declassify our Board and to provide instead for annual elections of all directors for one-year terms. This change was phased in so as to permit incumbent directors to serve out the remainder of the terms for which they were previously elected. As of the Meeting, the Board will be declassified. Stockholders will elect the entire board at the Meeting and subsequent annual meetings, all for one-year terms. This section contains information relating to the ten director nominees.

The nominees for election are Adriane M. Brown, John W. Diercksen, Ann McLaughlin Korologos, Dr. Jiren Liu, Edward H. Meyer, Dinesh C. Paliwal, Kenneth M. Reiss, Hellene S. Runtagh, Frank S. Sklarsky and Gary G. Steel. Each of the nominees for election at the Meeting is currently a director of our company and was selected by the Board as a nominee in accordance with the recommendation of the Nominating and Governance Committee of the Board (Nominating Committee). If elected at the Meeting, each of the nominees have consented to serve on the Board and each of the nominees would so serve until the 2014 Annual Meeting of Stockholders and until his or her successor is elected and has been duly qualified, or until such director s death, resignation or removal.

The Board expects that the nominees will be available for election at the time of the Meeting. If for any reason a nominee should become unavailable for election, the shares of Common Stock voted For that nominee by proxy will be voted for a substitute nominee designated by the Board, unless the Board reduces the number of directors or allows that nominee s director position to remain vacant until a qualified nominee is identified.

In an uncontested election, directors are elected by the vote of a majority of the votes cast by shares present in person or represented by proxy and entitled to vote at the Meeting. In a contested election, a plurality of the votes cast is required for the election of directors. This means that the director nominee with the most votes for a particular Board position is elected for that position. The election of directors at the Meeting is an uncontested election. Therefore, for Proposal No. 1, the election of Adriane M. Brown, John W. Diercksen, Ann McLaughlin Korologos, Dr. Jiren Liu, Edward H. Meyer, Dinesh C. Paliwal, Kenneth M. Reiss, Hellene S. Runtagh, Frank S. Sklarsky and Gary G. Steel as directors, a nominee will be elected if the number of votes cast For that nominee exceeds the number of Against votes cast for that nominee. Abstentions and broker non-votes will have no effect. In no event may proxies be voted for more than ten nominees.

Directors Retirement Policy

On September 11, 2012, our Board approved an amendment to our Corporate Governance Guidelines to implement a retirement policy for our directors. This policy requires directors to retire at the annual meeting immediately following their 75th birthday, unless the Board otherwise grants a waiver to such policy.

Dr. Harald Einsmann will retire from our Board at the Meeting. Dr. Einsmann has been a valuable director and his contributions to our company have given us the benefit of his many years of experience as a corporate leader in Europe and the U.S. Mr. Edward Meyer, the Chairman of the Compensation and Option Committee, has been actively involved in the shareholder engagement process and has made other contributions to the Board in this role. The Board has waived the retirement policy for Mr. Meyer.

Nominees to be Elected at the Meeting

Adriane M. Brown **Director since June 2013**

Ms. Brown, age 55, is the President and Chief Operating Officer of Intellectual Ventures, a privately held invention capital firm that focuses on the creation of new inventions and the introduction of new models for monetizing inventions as stand-alone assets. Prior to joining Intellectual Ventures, Ms. Brown worked for Honeywell International, a Fortune 100 publicly traded diversified technology and manufacturing leader serving customers worldwide with aerospace products and services, control technologies for buildings, homes and industry, automotive products, turbochargers and specialty materials. Ms. Brown served as Senior Vice President, Energy Strategy from May 2009 to September 2009 and as President and CEO of Honeywell Transportation Systems from 2005 to 2009. Ms. Brown does not currently serve, and has not served in the last five years, on any other public company boards. She currently serves on the board of directors of the Pacific Science Center, a not-for-profit organization whose mission is to inspire lifelong interest in science, technology and math, and Jobs for America s Graduates, the nation s leading drop-out prevention program. Her current term as a director expires at the Meeting.

Ms. Brown s qualifications to serve on the Board include her extensive expertise and experience in the areas of technology, emerging markets and innovation, as well as the comprehensive management and leadership experience she has gained as the President and Chief Operating Officer of an invention capital firm.

John W. Diercksen **Director since June 2013**

Mr. Diercksen, age 64, served as the Executive Vice President Strategy of Verizon Communications, a global leader in delivering broadband and other wireless and wireline communications services to consumer, business, government and wholesale customers, from 2012 until September 2013, where he had responsibility for key strategic initiatives related to the review and assessment of potential mergers, acquisitions and divestitures. From 2003 through 2012, Mr. Diercksen was Executive Vice President Strategy, Development and Planning for Verizon Communications. Mr. Diercksen is a director of Popular, Inc., a leading banking institution in Puerto Rico, and Intelsat, S.A., a communications satellite services provider. His current term as a director expires at the Meeting.

Mr. Diercksen s qualifications to serve on the Board include his extensive expertise and experience in the areas of strategy and strategic planning, emerging markets and finance and accounting.

Ann McLaughlin Korologos **Director since November 1995**

Ms. Korologos, age 71, has served as our Lead Director since May 2008. From April 2004 to April 2009, she served as Chairman of the RAND Corporation Board of Trustees. She is Chairman Emeritus of The Aspen Institute, where she served as Chairman from 1996 to 2000. Ms. Korologos was a Senior Advisor to Benedetto, Gartland & Company, Inc., an investment banking firm, from 1996 to 2005. From 1987 until 1989 she served as the United States Secretary of Labor. Ms. Korologos is a director of Michael Kors Holdings Limited, AMR Corporation and its subsidiary, American Airlines, Inc., Host Hotels & Resorts, Inc., Kellogg Company and Vulcan Materials Company, a provider of construction aggregates. Her current term expires at the Meeting.

Ms. Korologos qualifications to serve on the Board include her expertise and experience in the areas of international markets, marketing, regulatory and government affairs, policy making, and social responsibility and reputational issues. She also has significant public company board experience (including specific experience in compensation, diversity, corporate governance and social responsibility).

Dr. Jiren Liu **Director since December 2009**

Dr. Liu, age 58, is the founder, Chairman and CEO of Neusoft Corporation, a leading IT solutions and services provider in China founded in 1991. Dr. Liu is also a professor and vice president at the Northeastern University China, serves as vice chairman of the China Software Industry Association, and is a standing member of the Chinese Association of Automation. He does not currently serve, and has not served in the last five years, on any other public company boards. His current term as a director expires at the Meeting.

Dr. Liu s qualifications to serve on the Board include his extensive expertise and experience in the areas of technology, emerging markets and innovation, as well as the comprehensive management and leadership experience he has gained as the founder and leader of a global technology business.

Edward H. Meyer **Director since July 1990**

Mr. Meyer, age 86, has served as Chairman, Chief Executive Officer and Chief Investment Officer of Ocean Road Advisors, Inc., an investment management company, since January 2007. From 1972 to 2006, Mr. Meyer served as Chairman, Chief Executive Officer and President of Grey Global Group, Inc., a global advertising and marketing services company. Mr. Meyer also serves as a director of Retail Opportunity Investments Corp., a REIT that invests in a diverse portfolio of necessity-based retail properties, and National CineMedia, Inc., an in-theater advertising company. Mr. Meyer also served as a director of Ethan Allen Interiors Inc. during the last five years. His current term as a director expires at the Meeting.

Mr. Meyer s qualifications to serve on the Board include his extensive expertise and experience in the areas of sales, advertising, marketing and investment management. He also has significant public company board experience.

Dinesh C. Paliwal **Director since August 2007**

Mr. Paliwal, age 55, has served as our Chairman, Chief Executive Officer and President since July 1, 2008. He joined our company in July 2007 as Vice Chairman, CEO and President. Prior to joining our company, from January 2006 until June 2007, Mr. Paliwal served as President of ABB Ltd., a provider of industrial automation, power transmission systems and services. From January 2004 until June 2007, Mr. Paliwal also served as Chairman and CEO of ABB Inc., and from October 2002 to December 2005 he served as President of ABB Automation. Mr. Paliwal also serves as a director of Bristol-Myers Squibb Company and ADT Corporation. Mr. Paliwal served as a director of Embarq Corporation and Tyco International Ltd. during the last five years. His current term as a director expires at the Meeting.

Mr. Paliwal s qualifications to serve on the Board include his extensive expertise and experience in the areas of crisis management, international markets, strategy and strategic planning, as well as the comprehensive management and leadership experience he has gained as the head of a global business. He also has significant public company and non-profit board experience.

Kenneth M. Reiss **Director since February 2008**

Mr. Reiss, age 70, served as a partner with Ernst & Young LLP, an accounting firm he joined in 1965, from 1977 until his retirement in June 2003. While at Ernst & Young, he also served as Managing Partner for the Assurance and Advisory Practice in the firm s New York office and served as the lead auditor for several publicly traded companies, including Toys R Us, Inc., Staples, Inc., Phillips-Van Heusen, Inc. and Columbia Pictures. Mr. Reiss serves on the board of directors of The Children s Place and The Wet Seal, Inc., both of which are national specialty retailers. Mr. Reiss also served as a director of Eddie Bauer Holdings, Inc. during the last five years. His current term expires at the Meeting.

Mr. Reiss qualifications to serve on the Board include his extensive expertise and experience in the areas of auditing, accounting, finance and risk management. He also has significant public company board experience (including specific experience serving on audit committees).

Hellene S. Runtagh **Director since December 2008**

Ms. Runtagh, age 65, formerly served as President and Chief Executive Officer of the Berwind Group from 2001 to 2002, a diversified pharmaceutical services, industrial manufacturing and real estate company. From 1998 through 2000, she served as Executive Vice President of Universal Studios. Prior to joining Universal, Ms. Runtagh spent 25 years at General Electric Company in a variety of leadership positions. Ms. Runtagh also serves on the board of directors of Lincoln Electric Holdings, Inc., a full-line manufacturer and reseller of welding and cutting products, and NeuStar Inc., a provider of clearinghouse services to the communications industry. Ms. Runtagh served as a director of IKON Office Solutions, Inc. during the last five years. Her current term as a director expires at the Meeting.

Ms. Runtagh s qualifications to serve on the Board include her extensive expertise and experience in the areas of operations, marketing and sales, as well as comprehensive management and leadership experience she gained as a former senior executive for a diverse global business. She also has significant public company board experience (including specific experience serving on audit and compensation committees).

Frank S. Sklarsky **Director since June 2012**

Mr. Sklarsky, age 56, is Executive Vice President and Chief Financial Officer of PPG Industries, Inc. Prior to joining PPG Industries he served as the Chief Financial Officer and Executive Vice President of Tyco International Ltd. from December 2010 to September 2012. Prior thereto, from October 2006 to November 2010, Mr. Sklarsky served as Executive Vice President and Chief Financial Officer of Eastman Kodak Co. Mr. Sklarsky served as Chief Financial Officer and Executive Vice President of ConAgra Foods, Inc. from November 2004 to October 2006. Earlier in his career, Mr. Sklarsky spent 20 years with Chrysler in a series of senior financial leadership roles, and he also served in executive finance positions with Dell, Inc. Mr. Sklarsky serves on the Board of Trustees of Rochester Institute of Technology. He is also a certified public accountant. Mr. Sklarsky does not currently serve, and has not served in the last five years, on any other public company boards. His current term as a director expires at the Meeting.

Mr. Sklarsky s qualifications to serve on the Board include his extensive financial expertise and experience in the automotive industry as well as the comprehensive management and leadership experience he has gained as a senior executive of multiple global businesses.

Gary G. Steel **Director since December 2007**

Mr. Steel, age 60, has served as the Head of Group HR and Sustainability and a member of the Group Executive Committee of ABB Ltd. since January 2003. Prior to joining ABB Ltd., Mr. Steel served in various executive positions with Royal Dutch Shell plc, including Human Resources Director for Global Finance for Shell International B.V., a wholly owned subsidiary of Royal Dutch Shell plc. Mr. Steel currently serves on the board of directors of publicly listed ABB subsidiaries in India and Sweden. His current term as a director expires at the Meeting.

Mr. Steel s qualifications to serve on the Board include his extensive expertise and experience in human resources, executive compensation matters, talent development, succession planning, and benefits administration, as well as the comprehensive management and leadership experience he has gained as a senior executive for a global organization.

The Board recommends a vote FOR election of each of the nominees.

THE BOARD, ITS COMMITTEES AND ITS COMPENSATION

The Board of Directors

The Board currently consists of 11 directors, with one current member, Dr. Harald Einsmann, retiring from the Board as of the Meeting. The Board has determined that all ten of the non-management directors are independent directors, except for Dr. Jiren Liu, and that one director is a current member of our senior management. With the exception of Dr. Jiren Liu, each of our non-management directors meets the qualifications for independence under the listing standards of the New York Stock Exchange. Following the Meeting, the Board will consist of ten members, eight of whom are independent. Dr. Einsmann will not serve as a director after the Meeting. There are no family relationships among any directors or executive officers of our company.

Director Compensation

Process

The Compensation and Option Committee is responsible for annually reviewing and making recommendations to the Board regarding the compensation of our non-management directors.

Fiscal 2013 Compensation

For services rendered during fiscal 2013, non-management directors received an annual retainer fee of $70,000, plus $1,500 for each Board or committee meeting attended. The chairperson of each of the Board s standing committees received an additional annual retainer fee as follows: Audit Committee ($25,000), Compensation and Option Committee ($15,000) and Nominating Committee ($10,000). The Lead Director received an additional annual retainer fee of $25,000. We do not pay fees to directors who are officers of our company or our subsidiaries. We reimburse all directors for expenses incurred in attending Board and committee meetings.

On the date of our 2012 Annual Meeting of Stockholders, each then-current non-management director (except for Mr. Sklarsky) received a restricted share unit (RSU) grant equal to $125,000 divided by the closing price of our Common Stock on December 5, 2012. All of these RSUs were granted under the Harman International Industries, Incorporated 2012 Stock Option and Incentive Plan (the 2012 Incentive Plan). Each RSU vests at a rate of one-third per year commencing on the first anniversary of the grant date.

The following table sets forth compensation earned by each of our non-management directors for his or her service as a director during fiscal 2013.

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)(3)	Total
Adriane M. Brown(4)	$ 0	$ 199,969	$ 199,969
Brian F. Carroll(5)	44,000	0	44,000
John W. Diercksen(4)	0	199,969	199,969
Dr. Harald Einsmann	94,000	124,989	218,989
Ann McLaughlin Korologos	133,500	124,989	258,489
Dr. Jiren Liu	79,000	124,989	203,989
Edward H. Meyer	121,000	124,989	245,989
Kenneth M. Reiss	135,500	124,989	260,489
Hellene S. Runtagh	103,000	124,989	227,989
Frank S. Sklarsky	92,500	199,969	292,469
Gary G. Steel	101,500	124,989	226,489

(1) Includes annual retainer and meeting attendance fees paid to each non-management director for his or her service as a director during fiscal 2013, and additional annual retainer fees paid to the Lead Director and the chairperson of each committee of the Board.

(2) On December 5, 2012, each non-management director (except Ms. Brown, Mr. Diercksen and Mr. Sklarsky) received an RSU grant of 3,120 shares of our Common Stock. The grant date fair value of each award, calculated in accordance with Financial Accounting Standards Board (FASB) ASC Topic 718, was

$124,989. On June 25, 2013, Ms. Brown and Mr. Diercksen each received an RSU grant of 4,096 shares of our Common Stock upon joining our Board. The grant date fair value of each of Ms. Brown and Mr. Diercksen s awards was $199,969. As of June 30, 2013, the number of outstanding RSUs held by each of our non-management directors was as follows: Ms. Brown (4,096 shares), Mr. Diercksen (4,096 shares), Dr. Einsmann (6,041 shares), Ms. Korologos (6,041 shares), Dr. Liu (6,041 shares), Mr. Meyer (6,041 shares), Mr. Reiss (6,041 shares), Ms. Runtagh (6,041 shares), Mr. Sklarsky (3,593 shares) and Mr. Steel (6,041 shares). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based conditions. See Note 14, *Shareholders Equity and Share-Based Compensation*, to our consolidated financial statements in our Form 10-K for the fiscal year ended June 30, 2013, for information regarding the assumptions made in determining these values.

(3) As of June 30, 2013, the number of outstanding stock options held by each of our non-management directors was as follows: Dr. Einsmann (13,000 shares), Ms. Korologos (37,000 shares), Mr. Meyer (37,000 shares), Mr. Reiss (8,000 shares), and Mr. Steel (8,000 shares). Our company ceased granting stock options to non-management directors after December 2007.

(4) Ms. Brown and Mr. Diercksen joined the Board on June 25, 2013.

(5) Mr. Carroll left the Board at the end of his term on December 5, 2012.

Corporate Governance

The Board and senior management believe that one of their primary responsibilities is to promote a culture of ethical behavior throughout our company by setting examples and by displaying a sustained commitment to instilling and maintaining deeply ingrained principles of honesty and decency. Consistent with these principles we have, among other things, adopted:

- written charters for our Audit Committee, Compensation and Option Committee and Nominating Committee;
- Corporate Governance Guidelines that describe the principles under which the Board operates;
- a Code of Ethics for Senior Management and the Board, a Code of Ethics and Conflicts of Interest Policy for Members of the Board, and a Code of Business Conduct applicable to all our employees;
- prohibition on hedging our Insider Trading Policy expressly prohibits directors and employees from engaging in short sales of our Common Stock or buying or selling puts, calls or similar instruments in connection with our Common Stock; and
- a Majority Voting Policy that requires our directors to submit their resignation if they do not receive a majority of votes For their election.

The committee charters, corporate governance guidelines, ethics codes and majority voting policy are available on our website (*www.harman.com*) in the Corporate Governance section of the Investors page. Copies of these documents are also available upon written or oral request to our Corporate Secretary. We will post information regarding any amendment to, or waiver from, our Code of Ethics for Senior Management and the Board on our website under the Corporate Governance section of the Investors page.

The Board periodically reviews its corporate governance policies and practices. Based on these reviews, the Board expects to adopt changes to policies and practices that are in the best interests of our company and as appropriate to comply with any new requirements of the SEC or the New York Stock Exchange.

Director Independence

As part of our Corporate Governance Guidelines, we have established a policy requiring a majority of the members of the Board to be independent. The Board has also adopted a policy establishing independence standards to assist the Board in determining the independence of the non-management directors. Those standards reflect, among other things, the requirements under the listing standards of the New York Stock Exchange. The independence standards for non-management directors are available on our website under the Corporate Governance section of the Investors page.

In making its independence determinations, the Board considered transactions that occurred in fiscal 2013 between our company and entities associated with the non-management directors or members of their respective immediate families. All identified transactions that appeared to relate to our company and a family member of, or entity with a known connection to, a non-management director were presented to the Board for consideration. The Board considered the transactions in the context of the New York Stock Exchange objective standards, the special standards established by the SEC for members of audit committees, and the SEC and U.S. Internal Revenue Service standards for compensation committee members. Based on all of the foregoing, as required by the New York Stock Exchange rules, the Board made a determination on September 11, 2013 that Dr. Liu was not independent of our company within the meaning of the New York Stock Exchange listing standards. Such determination was based on Dr. Liu s position as the Chairman and CEO of Neusoft Corporation and the fact that our company paid Neusoft Corporation and its related entities more than 1% of its revenue in fiscal 2013 for engineering and software development services rendered to our company. The Board determined that no other relationships exist that, in the opinion of the Board, would impair any other director s independence.

The Board has determined that each of Ms. Brown, Mr. Diercksen, Dr. Einsmann, Ms. Korologos, Mr. Meyer, Mr. Reiss, Ms. Runtagh, Mr. Sklarsky and Mr. Steel, is independent of our company and our management within the meaning of the New York Stock Exchange listing standards and satisfies our independence standards. Following the Meeting, the Board will consist of ten members, eight of whom are independent, one of whom is a member of our senior management and one vacancy. Dr. Einsmann will not serve as a director after the Meeting and, accordingly, will not be a member of the Audit Committee after the Meeting. There are no family relationships among any directors or executive officers of our company.

Majority Voting Policy

Under our majority voting policy, in an uncontested election of directors, any nominee who receives a greater number of votes Against than votes For his or her election will, promptly following the certification of the stockholder vote, tender his or her written resignation to the Board for consideration by the Nominating Committee. The Nominating Committee will consider the resignation and will make a recommendation to the Board concerning whether to accept or reject it.

In determining its recommendation to the Board, the Nominating Committee will consider all factors it deems relevant, which may include:

- the stated reason or reasons why stockholders who cast Against votes for the director did so;
- the qualifications of the director (including, for example, whether the director serves on the Audit Committee of the Board as an audit committee financial expert and whether there are one or more other directors qualified, eligible and available to serve on the Audit Committee in such capacity); and
- whether the director s resignation from the Board would be in our best interests and the best interests of our stockholders.

The Nominating Committee also will consider a range of possible alternatives concerning the director s tendered resignation as it deems appropriate, which may include:

- acceptance of the resignation;
- rejection of the resignation; or
- rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Nominating Committee to have substantially resulted in the Against votes.

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Under our majority voting policy, the Board will take formal action on the recommendation no later than 90 days following the certification of the results of the stockholders meeting. In considering the recommendation, the Board will consider the information, factors and alternatives considered by the Nominating Committee and any additional information that the Board deems relevant. We will publicly disclose the Board s decision promptly after the decision is made in a press release. If applicable, the Board will also disclose the reason or reasons for rejecting the tendered resignation.

Non-Employee Director Stock Ownership

In fiscal 2012, we adopted revised Stock Ownership Guidelines for Non-Employee Directors. The guidelines recommend that non-management directors should, upon the later of (a) three years after the date of original adoption of the updated guidelines or (b) three years after becoming a Director, own and hold shares of Common Stock equal in value to the lesser of:

- three times the Director s annual cash retainer; or

- 7,000 shares.

Communications with the Board

Stockholders and other interested parties may communicate with the Board, the non-management directors, any of the committees of the Board or specific directors by mail addressed to: Board of Directors, c/o Harman International Industries, Incorporated, 400 Atlantic Street, Suite 1500, Stamford, Connecticut 06901, Attn: General Counsel. The mailing envelope should also clearly indicate whether the communication is intended for the Board, the non-management directors, any of the committees of the Board or a specific director. The General Counsel or the Head of Internal Audit will review all these communications and will, within a reasonable period of time after receiving the communications, forward all communications to the appropriate director or directors, other than those communications that are merely solicitations for products or services or relate to matters that are of a type that are clearly improper or irrelevant to the functioning of the Board or the business and affairs of our company.

Board Meetings

The Board held ten meetings during fiscal 2013. With the exception of Dr. Liu, each director attended at least 75% of the total number of meetings of the Board and committees on which he or she served during the period he or she was a director in fiscal 2013. The Board has established a policy that the non-management directors meet in executive session, without members of our management present, at each regularly scheduled meeting of the full Board.

The following table provides a summary of the membership of each of the standing committees of the Board as of June 30, 2013.

Name	**Audit**	**Compensation and Option**	**Nominating and Governance**
Adriane M. Brown(1)			
John W. Diercksen	Member		
Dr. Harald Einsmann(2)	Member		
Ann McLaughlin Korologos			Chair
Edward H. Meyer		Chair	Member
Kenneth M. Reiss	Chair		Member
Hellene S. Runtagh	Member	Member	
Frank S. Sklarsky	Member	Member	
Gary G. Steel		Member	Member

(1) Ms. Brown was appointed to serve as a member of the Compensation and Option Committee on September 11, 2013.
(2) Dr. Einsmann will not serve as a director after the Meeting, and, accordingly, will not be a member of the Audit Committee after the Meeting.

Annual Meetings of Stockholders

As part of our Corporate Governance Guidelines, the Board has adopted a policy that each director is expected to make reasonable efforts to attend our stockholders meetings. All Board members who were directors at the time of the meeting attended our 2012 Annual Meeting of Stockholders.

Audit Committee

During fiscal 2013, the Audit Committee held eight meetings. The Board has determined that each member of the Audit Committee is independent under the New York Stock Exchange listing standards and each is financially literate and experienced in financial matters. The Board has also determined that Mr. Reiss is an audit committee financial expert within the meaning of applicable SEC regulations.

The Audit Committee assists the Board in its oversight of our financial reporting, focusing on the integrity of our company s financial statements, our compliance with legal and regulatory requirements, and the qualifications and independence of our independent auditor. The Audit Committee s primary responsibilities include:

- acting as the direct contact with our independent auditor, who is ultimately accountable to the Audit Committee and the Board;
- appointing the independent auditor, setting the terms of compensation and retention for the independent auditor, and evaluating and overseeing the work of the independent auditor;
- pre-approving all audit and non-audit services provided to our company by the independent auditor;
- oversight over the audit scope and performance of the internal audit function;
- oversight over our company s ethics and compliance programs;
- evaluating and discussing with management and the Board our company s risk assessment and risk management processes; and
- acting in respect of all other matters as to which Audit Committee action is required by law or New York Stock Exchange listing standards.

The Audit Committee s responsibilities and key practices are more fully described in its written charter. A report of the Audit Committee appears on page 48 of this Proxy Statement.

Compensation and Option Committee

During fiscal 2013, the Compensation and Option Committee held five meetings. Each member of the Compensation and Option Committee is independent under the New York Stock Exchange listing standards.

The Compensation and Option Committee assists the Board in overseeing executive compensation and administers our executive bonus, option and incentive, deferred compensation and retirement plans. The Compensation and Option Committee s primary responsibilities include:

- establishing our company s executive compensation philosophy;

annually reviewing and benchmarking CEO compensation, and recommending to the Board the compensation level for the CEO;

annually reviewing, benchmarking and establishing compensation levels for our executive officers and reviewing executive compensation matters generally;

reviewing and making recommendations to the Board with respect to director compensation;

making recommendations to the Board with respect to approval and adoption of all cash and equity-based incentive plans;

- reviewing and approving the Compensation Discussion and Analysis to be included in the annual proxy statement; and

- approving awards of options, restricted shares, RSUs and other equity rights to executive officers.

The Compensation and Option Committee s responsibilities and key practices are discussed more fully in its written charter. A report of the Compensation and Option Committee appears on page 33 of this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

Edward H. Meyer, Brian F. Carroll, Hellene S. Runtagh, Frank S. Sklarsky and Gary G. Steel served as members of the Compensation and Option Committee in fiscal 2013. Effective as of December 7, 2012 Mr. Carroll was no longer a member of the Compensation and Option Committee. During fiscal 2013, no member of the Compensation and Option Committee was an employee, officer or former officer of our company. None of our executive officers served in fiscal 2013 on the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had an executive officer serving as a member of the Board or the Compensation and Option Committee. Dinesh Paliwal, our CEO, was serving as a director of Tyco International Ltd. at the time Mr. Sklarsky joined our Board and our Compensation and Option Committee on June 25, 2012. Mr. Paliwal continued to serve as a director of Tyco International Ltd. until his resignation from that board on October 1, 2012. During such time, Mr. Sklarsky was the Chief Financial Officer and Executive Vice President of Tyco International Ltd. Mr. Paliwal was not a member of Tyco International Ltd. s compensation committee. Other than the foregoing, none of our executive officers served in fiscal 2013 on the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had an executive officer serving as a member of the Board or the Compensation and Option Committee. As described below under Certain Relationships and Related Person Transactions, Dr. Jiren Liu is Chairman and CEO of Neusoft Corporation, a company to which we made more than $120,000 in payments during fiscal 2013 for services rendered pursuant to an engineering and software development services agreement.

Nominating and Governance Committee

During fiscal 2013, the Nominating Committee held four meetings. Each member of the Nominating Committee is independent under the New York Stock Exchange listing standards.

The Nominating Committee assists the Board in carrying out its oversight responsibilities relating to the composition of the Board and certain corporate governance matters. The Nominating Committee s primary responsibilities include:

- considering and making recommendations to the Board with respect to nominees for election to the Board consistent with criteria approved by the Board or the Nominating Committee, including director candidates submitted by our stockholders;

- periodically reviewing and assessing our policies and practices with regard to corporate responsibility, human health and safety, sustainability and the environment;

- annually reviewing and reassessing the adequacy of our codes of conduct, corporate governance guidelines and committee charters;

- overseeing the process for the annual performance evaluation of the Board, Board committees and CEO; and

- reviewing the independence of each of the directors annually.

The Nominating Committee s responsibilities and key practices are more fully described in its written charter.

Board Role in Respect of CEO Compensation

The Compensation Committee makes recommendations to the Board regarding the CEO s compensation level, and the Board makes all final decisions regarding CEO compensation. The Board approves the CEO s goals and objectives for the upcoming fiscal year, assesses the CEO s performance in the current fiscal year against the goals and objectives for such fiscal year and approves the CEO s compensation for the upcoming fiscal year. The CEO is not involved in the approval process for his compensation.

Board Leadership Structure

The current Board Chairman is also the current CEO of our company. In addition, in May 2008 the non-management directors designated Ann McLaughlin Korologos as Lead Director. In this role, Ms. Korologos is responsible for chairing executive sessions and other meetings of the Board, with and without the participation of the Chairman. Our Lead Director sets the agenda for Board meetings and ensures that all topics proposed by the other directors are considered for debate and discussion. Our Lead Director also conducts the CEO s performance appraisal at the end of each fiscal year and reviews the CEO s performance goals and objectives for the new fiscal year. In preparation for these reviews with the CEO, all non-management directors provide their input to the Lead Director. Following the review sessions with the Lead Director, our CEO holds an in-person performance appraisal presentation and discussion with the Board. The Board designates the Lead Director on an annual basis.

The non-management directors believe that our company s current model of the combined Chairman/CEO role in conjunction with the Lead Director position is the appropriate leadership structure for our company at this time. The non-management directors believe that each of the possible leadership structures for a board has its particular advantages and disadvantages, which must be considered in the context of the specific circumstances, culture and challenges facing a company, and that such consideration is the responsibility of a company s board and requires a diversity of views and experiences. The combined Chairman/CEO model is a leadership model that has served our stockholders well for many years and through a succession of effective leaders.

The non-management directors of the Board believe that the combined Chairman/CEO position, together with the Lead Director, has certain advantages over other board leadership structures and continues to best meet our company s current needs, including:

- efficient communication between management and the Board;
- clear delineation of the Lead Director s and other non-management directors oversight role from the Chairman/CEO s and other management s day-to-day operations role;
- clarity for our company s key stakeholders on corporate leadership and accountability; and
- the Board Chairman possessing the best knowledge of our company s strategy, operations and financial condition and, in turn, the ability to communicate that to external stakeholders.

The Nominating Committee and the other non-management directors periodically review this structure to ensure it is still appropriate for our company, especially in the context of future succession plans.

Board Oversight of Risk Management

Management is responsible for day-to-day enterprise risk management. In its oversight role regarding enterprise risk management, the Board reviews and approves our company s long-term strategic plan and annual operating plan. We face risk in many different areas, including business strategy; government regulation; financial condition; credit and liquidity; product innovation; competition for talent; executive development; operational efficiency; quality assurance; environmental, health and safety; supply chain management; information technology and security; intellectual property; and legal compliance, among many others. The Board believes that oversight of risk management is the responsibility of the full Board.

In carrying out this critical responsibility, the Board meets with key members of management with primary responsibility for management of risk in their respective areas of responsibility, including our CEO, Chief Financial Officer, Chief Human Resources Officer, General Counsel, Head of Internal Audit, and the presidents of each of our three divisions. Each year, management compiles a comprehensive risk assessment report and reviews that report with the Board during regular Board meetings. The report identifies the material business risks for our company, indicates the senior management owners of such risks, and identifies factors that respond to and mitigate those risks. Throughout the year, the Board dedicates a portion of each meeting to review and discuss specific risk topics in greater detail.

Executive Succession Planning

The Board and our CEO have developed a comprehensive program for emergency and long-term executive succession, which the Board reviews with our CEO annually. Consistent with our culture, our goal is to always be in a position to appoint our most competent senior executives from within our company. Individuals who are identified as having potential for senior executive positions are evaluated by the Board. The careers of such persons are developed to ensure that over time they have appropriate assignments, exposure to the Board and exposure to our diverse global business. These individuals interact with the Board in various ways, including through participation in certain Board meetings and other Board-related activities and meetings with individual directors, both in connection with director visits to our business units around the world and otherwise.

We believe that the Board fully understands our culture and strategic needs and that our succession program should ensure a smooth transition with respect to senior executive appointments.

Director Nominees

The Nominating Committee utilizes a variety of methods for identifying and evaluating director nominees. The committee may consider candidates recommended by our directors, members of management, professional search firms or stockholders. These candidates may be considered at any point during the year.

Qualifications

The Board has charged the Nominating Committee to make recommendations regarding an appropriate board composition to support and adjust to our company s strategy and operations over time. The Nominating Committee reviews annually with the Board the size, function and needs of the Board and our company. In evaluating nominees for election as a director, the Nominating Committee considers a number of factors, including the following:

- personal and professional qualities, characteristics, attributes, accomplishments and reputation in the business community and otherwise;
- reputation in a particular field or area of expertise;
- current knowledge and contacts in the markets in which we do business and in our industry and other industries relevant to our business;
- the ability and willingness to participate fully in Board activities, including attendance at, and active participation in, Board and committee meetings;
- the skills and personality of the nominee and how the Nominating Committee perceives the nominee will fit with the existing directors and other nominees in maintaining a board that is collegial and responsive to the needs of our company and our stockholders;
- the willingness to represent the best interests of all of our stockholders and not just one particular constituency;

age of the nominee; and

diversity of viewpoints, culture, background and experience, compared to those of existing directors and other nominees.

The Board also seeks men and women that have a wide range of experiences at policy-making levels in business, government, education and technology and in areas that are relevant to our company s global activities. The Nominating Committee also endeavors to ensure that the Board includes a number of financially literate directors and at least one director who qualifies as a financial expert.

The Nominating Committee will also consider other criteria for director candidates included in our Corporate Governance Guidelines or as may be established from time to time by the Board.

We believe that our current Board is well-qualified to lead our company s efforts to achieve our long-term strategy. The combined experience of our directors covers all areas of expertise and competency identified by the Nominating Committee.

Stockholder Recommendations

The Nominating Committee will evaluate director candidates recommended by a stockholder in the same manner as candidates otherwise identified by the Nominating Committee. We have never received any recommendations for director candidates from stockholders. In considering director candidates recommended by our stockholders, the Nominating Committee will also take into account such factors as it considers relevant, including the length of time that the submitting stockholder has been a stockholder of our company and the aggregate amount of the submitting stockholder s investment in our company.

Stockholders may recommend candidates at any time but to be considered by the Nominating Committee for inclusion in our proxy statement for the next annual meeting of stockholders, recommendations must be submitted in writing no later than 120 days before the first anniversary of the date the proxy statement was mailed to stockholders in connection with the previous year s annual meeting. A stockholder s notice must contain, among other information, the following:

the name of the director candidate, the name of the stockholder recommending the director candidate for consideration, and the written consent of the director candidate and stockholder to be publicly identified;

a written statement by the director candidate agreeing to be named in our proxy materials and to serve as a member of the Board if nominated and elected;

a written statement by the director candidate and the recommending stockholder agreeing to make available to the Nominating Committee all information reasonably requested in connection with the Nominating Committee s consideration of the director candidate; and

the director candidate s name, age, business and residential addresses, principal occupation or employment, number of shares of Common Stock and other securities of our company beneficially owned, a curriculum vitae or similar document detailing personal and professional experiences and accomplishments, and all other information relating to the director candidate that would be required to be disclosed in a proxy statement or other filing made in connection with the solicitation of proxies for the election of directors by SEC regulations and the New York Stock Exchange listing standards.

The stockholder s notice must be signed by the stockholder recommending the director candidate for consideration and sent to the following address: Harman International Industries, Incorporated, 400 Atlantic Street, Suite 1500, Stamford, Connecticut 06901, Attn: Corporate Secretary (Nominating and Governance Committee Communication/Director Candidate Recommendation).

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) provides a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation and Option Committee (the Compensation Committee) has made under those programs and the factors considered in making those decisions. This CD&A focuses on the compensation of our Named Executive Officers (NEOs) for fiscal 2013, who were:

Name	Title
Dinesh C. Paliwal	Chairman, Chief Executive Officer, and President (the CEO)
Herbert K. Parker	Executive Vice President and Chief Financial Officer (the CFO)
Blake Augsburger	Executive Vice President and President Professional Division
Sachin Lawande	Executive Vice President and President Infotainment Division
Michael Mauser	Executive Vice President and President Lifestyle Division

We have organized this CD&A into the following sections:

I. Performance Context

II. Compensation Program Summary

III. Process for Determining Compensation

IV. Compensation Program Details

V. Compensation Risk Assessment

Performance Context

Fiscal year 2013 was a challenging year for our company. Net sales in fiscal year 2013 were $4.3 billion, down two percent from the prior year due primarily to lower automotive sales resulting from the recession in Europe and delays in capital projects in the U.S. and China. Despite these challenges in our business, we were able to achieve several significant accomplishments during fiscal year 2013:

- Our fourth quarter net sales were up 8% to $1.182 billion, due to a number of strategic measures implemented by our management team;

- We delivered fiscal 2013 non-GAAP EPS of $3.07, an increase of 5% over fiscal 2012;

- We doubled our dividend from $0.30 per share to $0.60 per share and announced that in fiscal 2014 we would again double our dividend from $0.60 per share to $1.20 per share;

- We continued expansion of our global footprint into the emerging markets;

- Fiscal 2013 sales increased in the emerging markets by 4.1% over fiscal 2012;