

HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form PRE 14A
October 18, 2011

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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12
- Confidential, for Use of the Commission Only (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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- No fee required.
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(4) Date Filed:

Harman International Industries, Incorporated

400 Atlantic Street

Stamford, CT 06901

October [], 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Harman International Industries, Incorporated, a Delaware corporation. The meeting will be held on Wednesday, December 7, 2011, beginning at 11:00 a.m. Eastern Time at our corporate headquarters located at 400 Atlantic Street, Suite 1500, Stamford, Connecticut 06901. Information about the meeting is presented in the following Notice of Annual Meeting of Stockholders and Proxy Statement.

At the meeting, management will report on our company's operations during fiscal 2011 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 sign, date and promptly return the enclosed proxy card or use the telephone or Internet voting procedures described on the proxy card.

We look forward to seeing you on December 7th.

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 7, 2011

Important Notice regarding the Availability of Proxy Materials for the

Stockholder Meeting to be Held on December 7, 2011

The Proxy Statement and Annual Report to Stockholders

are available at: <https://materials.proxyvote.com/413086>

To Our Stockholders:

The 2011 Annual Meeting of Stockholders of Harman International Industries, Incorporated (the "Annual Meeting") will be held at our corporate headquarters located at 400 Atlantic Street, Suite 1500, Stamford, Connecticut 06901, on December 7, 2011, beginning at 11:00 a.m. Eastern Time. The Annual Meeting will be held for the following purposes:

- (1) To elect the two directors named in the accompanying Proxy Statement to serve until the 2012 Annual Meeting of Stockholders;
- (2) To approve our 2012 Stock Option and Incentive Plan;
- (3) To approve an amendment to our Restated Certificate of Incorporation, as amended, and Bylaws to provide for the annual election of directors;
- (4) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for our 2012 fiscal year;
- (5) To hold an advisory vote on executive compensation;
- (6) To hold an advisory vote on the frequency of future advisory votes on executive compensation; and

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- (7) 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. Stockholders of record as of the close of business on October 10, 2011 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

If you plan to attend the Annual Meeting and will need special assistance or accommodation due to a disability, please describe your needs on the enclosed proxy card. Also enclosed is our Annual Report for fiscal 2011.

By Order of the Board of Directors,

Todd A. Suko
Executive Vice President and General Counsel

Stamford, CT

October [], 2011

IMPORTANT

Whether or not you plan to attend the Annual Meeting in person, please vote 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 have voted by proxy, you may still vote in person if you attend the Annual Meeting.

Attendance at the Annual Meeting will be limited to stockholders of record, beneficial owners of shares entitled to vote at the Annual Meeting who have evidence of such ownership, a duly appointed proxy holder of an absent stockholder and our invited guests. Any person claiming to be the proxy holder of an absent stockholder must, upon request, produce written evidence of such authorization. If you wish to attend the Annual Meeting but your shares are held in the name of a broker, bank or other nominee, you should bring with you a proxy or letter from the broker, bank or nominee as evidence of your beneficial ownership of the shares.

2011 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 7, 2011
Place	400 Atlantic Street, Suite 1500 Stamford, Connecticut 06901
Record date	October 10, 2011
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 2 directors

Approve the 2012 Stock Option and Incentive Plan

Approve amendments to the Restated Certificate of Incorporation and Bylaws to provide for the annual election of directors

Ratification of KPMG as auditors for fiscal 2012

Advisory vote on executive compensation

Advisory vote on the frequency of future advisory votes on executive compensation

Transact other business that may properly come before the Meeting

Voting Matters

Proposal No.	Matter	Board Vote Recommendation	Page Reference (for more detail)
1	Election of Directors	FOR EACH DIRECTOR NOMINEE	4
2	Approve 2012 Stock Option and Incentive Plan	FOR	53
3	Approve Amendments to Restated Certificate of Incorporation and Bylaws	FOR	61
4	Ratification of KPMG as Auditor for Fiscal 2012	FOR	63
5	Advisory Vote on Executive Compensation	FOR	64
6	Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation	FOR EVERY YEAR	65

Board Nominees

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The following table provides summary information about each director nominee. Each director nominee will be elected for a one year term if the proposal to amend our Restated Certificate of Incorporation and Bylaws is approved by our stockholders. Each director is elected by a majority of the votes cast.

Name	Age	Director Since	Occupation	Experience/Qualification	Independent
Brian F. Carroll(1)	40	2007	Member, Kohlberg Kravis Roberts & Co.	Leadership Finance	X
Hellene S. Runtagh(1)(2)	63	2008	Former President & CEO, Berwind Group	Strategy Leadership Operations Marketing	X

(1) Member of Compensation and Option Committee

(2) Member of Audit Committee

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.

2012 Stock Option and Incentive Plan

In order to provide an incentive to our key employees who contribute materially to the success of our company, as well as retain and attract executives of the caliber necessary to be competitive with other industry leaders, we are seeking stockholder approval of the 2012 Stock Option and Incentive Plan. The Plan will replace the 2002 Amended and Restated Stock Option and Incentive Plan, as amended, and no further awards will be made under the old plan.

Declassification of the Board

The Board is submitting to our stockholders a proposal to amend our company's certificate of incorporation and bylaws to provide for the annual election of directors. Currently, the certificate of incorporation and bylaws provide for the division of the Board into three classes, with each class elected triennially. The Board believes it to be in the best interests of our company in demonstrating it is accountable and responsive to stockholders by providing for annual election of all directors upon the expiration of a director's current term.

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 2012. Set forth below is summary information with respect to KPMG's fees for services provided in fiscal 2011 and 2010.

Type of Fees	Fiscal 2011	Fiscal 2010
Audit fees(1)	\$ 3,949,765	\$ 3,825,000
Audit-related fees(2)	63,000	60,000
Tax fees(3)	624,211	399,000
All other fees(4)		21,000
Total	\$ 4,636,976	\$ 4,305,000

Executive Compensation Advisory Vote and Its Frequency

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. Named executive officer compensation over the past three years reflects amounts of cash and long-term performance awards consistent with periods of economic stress and lower earnings, and equity incentives that align with our actions to stabilize our company and to position us for a continued recovery.

The Board recommends that stockholders vote in favor of holding the advisory vote on executive compensation EVERY YEAR.

Executive Compensation Elements

Type	Form	Terms
Equity	2/3 Performance-vested restricted stock units (Performance RSUs) at maximum achievement	Performance RSUs have a three-year performance period with two objective performance measures
	1/3 Time-vested restricted stock units (RSUs)	RSUs generally vest on the third anniversary of the date of grant
Cash	Salary Annual incentive compensation	Increases must be approved by the Compensation and Option Committee and/or the Board 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, transportation, Harman products, legal services

Other Key Compensation Features

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)

Significant executive share ownership requirements (5 times base salary for CEO and 3 times base salary for all other executive committee members)

Double trigger event required for severance benefits upon a change in control

Fiscal 2011 Compensation Decisions

In fiscal 2011, our company had a very strong year. Our revenue increased by 12%, compared to 2010, and we had an operating profit of \$190 million in fiscal 2011, compared to an operating profit of \$86 million in fiscal 2010. Our management team continued to implement a number of strategic measures to create sustainable stockholder value, including expansion of our global footprint into the emerging markets and best cost countries such as Hungary, Brazil, Mexico, China and India. This investment in the emerging markets has resulted in revenue growth of 68% in Brazil, China and India during fiscal 2011, which delivered higher profit margins than those of our company as a whole. We successfully completed our STEP Change permanent cost reduction program, achieving more than \$434 million in permanent cost savings. Our total liquidity increased to \$1.5 billion, providing significant flexibility for our company's future strategic initiatives.

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

2012 Annual Meeting

Deadline for stockholder proposals	September 10, 2012
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HARMAN INTERNATIONAL INDUSTRIES, INCORPORATED

400 Atlantic Street

Stamford, CT 06901

PROXY STATEMENT

FOR THE 2011 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 2011 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. This Proxy Statement and the enclosed proxy card are being mailed to stockholders on or about October 31, 2011.

Holders of record of our common stock, \$0.01 par value per share (**Common Stock**), as of the close of business on October 10, 2011 (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 10, 2011, there were 70,091,444 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. With respect to the election of directors, you may vote for all nominees, withhold your vote for all nominees, or withhold your vote as to a specific nominee. 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 two director nominees to serve until our company s 2012 Annual Meeting of Stockholders;

FOR the approval of the 2012 Stock Option and Incentive Plan;

FOR the approval of the amendment to our Restated Certificate of Incorporation, as amended, and our Bylaws to provide for the annual election of directors;

FOR the ratification of our selection of KPMG LLP as our independent registered public accounting firm for the 2012 fiscal year;

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

FOR future stockholder advisory votes on Executive Compensation to be held every year; 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 withheld 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 the election of directors, the adoption of the 2012 Stock Option and Incentive Plan or the amendment to our Amended and Restated Certificate of Incorporation 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. 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.

If you own shares through our retirement or employee 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. We have retained BNY Mellon Shareowner Services LLC (Mellon) to assist in the solicitation of proxies for the Meeting. For these services, we will pay Mellon a base fee of \$5,500 and will reimburse Mellon for out-of-pocket expenses. 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 10, 2011 can attend the Meeting.

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

A: To attend the Meeting, please follow these instructions:

If shares you own are registered in your name or if you own shares through our company's retirement or employee savings and investment plan, bring your proof of ownership of Common Stock and a form of identification; or

If a broker or other nominee holds your shares, bring proof of your ownership of Common Stock through such broker or nominee and a form of identification.

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 Securities and Exchange Commission (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 2012 Annual Meeting of Stockholders, a nominee will be elected if the number of votes cast For that nominee exceeds the number of Withheld votes cast for that nominee. Abstentions and broker non-votes will have no effect. To be approved, Proposal No. 2, the approval of our 2012 Stock Option and Incentive Plan, must receive a For vote from the majority of shares present in person or represented by proxy and entitled to vote on the matter. To be approved, Proposal No. 3, the approval of the amendment to our Amended and Restated Certificate of Incorporation to provide for the annual election of directors, must receive a For vote from the majority of shares present in person or represented by proxy and entitled to vote on the matter. To be approved, Proposal No. 4, the ratification of the selection of KPMG LLP as our independent registered public accounting firm for the 2012 fiscal year, must receive a For vote from the majority of shares present in person or represented by proxy and entitled to vote on the matter. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have the same effect as an Against vote.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board presently consists of nine directors, divided into three classes. Currently, each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. On September 8, 2011, the Board approved a resolution to declassify the Board commencing with the Meeting. If our stockholders approve at the Meeting the amendment to our Restated Certificate of Incorporation, as amended, pursuant to which the Board will be declassified (the Amendment), the two directors whose terms expire as of the Meeting will each be nominated for election for a one year term. In each of the 2012 and 2013 Annual Meetings of Stockholders, all director nominees would be elected to one year terms. As of the 2013 Annual Meeting of Stockholders the Board will be declassified. If our stockholders do not approve the Amendment at the Meeting, the two directors whose terms expire as of the Meeting will each be nominated for election for a three year term. This section contains information relating to the two director nominees and all our other the directors.

The nominees for election are Brian F. Carroll and Hellene S. Runtagh. 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, and the Amendment is approved by our stockholders, each of the nominees would serve until the 2012 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 shall be 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 Brian F. Carroll and Hellene S. Runtagh as directors, a nominee will be elected if the number of votes cast For that nominee exceeds the number of Withheld votes cast for that nominee. Abstentions and broker non-votes will have no effect.

Nominees to be Elected at the Meeting

Brian F. Carroll

Director since October 2007

Mr. Carroll, age 40, has been a Member of Kohlberg Kravis Roberts & Co., a leading global alternative asset manager, since January 2006. Prior thereto, he served as an executive of KKR from 1995 until 1997 and from July 1999 until December 2005. From 1997 to 1999, he attended business school at Stanford University. Mr. Carroll is also a member of the board of directors of Rockwood Holdings, Inc., a specialty chemicals and advanced materials company. Mr. Carroll also served as a director of Sealy Corporation during the last five years.

Mr. Carroll's qualifications to serve on the Board include his extensive expertise and experience gained through his significant role in KKR's private equity investments. Mr. Carroll also is actively involved in public companies affiliated with KKR and has substantial experience in merger and acquisition transactions.

Hellene S. Runtagh

Director since December 2008

Ms. Runtagh, age 63, 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 Avaya Inc. and IKON Office Solutions, Inc. during the last five years.

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).

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

Directors Whose Terms Extend Beyond the Meeting

Dr. Harald Einsmann

Director since October 2007

Dr. Einsmann, age 77, served as an Operating Partner of EQT Partners AB, a European private equity group, from 2000 until his retirement in 2006. Prior to joining EQT, Dr. Einsmann was an Executive Vice President of The Procter & Gamble Company worldwide, and their President of Europe, Middle East and Africa. He serves as a director of Checkpoint Systems, Inc., a provider of integrated system solutions for retail security, labeling and merchandising. Dr. Einsmann also served as a director of Tesco Plc, the Carlson Group and Rezidor Hotel Group in Scandinavia during the last five years. His current term expires at the 2013 Annual Meeting of Stockholders.

Dr. Einsmann's qualifications to serve on the Board include his extensive expertise and experience in the areas of retail, consumer goods, manufacturing and international markets, as well as comprehensive management and leadership experience he gained as the former head of a global business unit. He also has significant public company board experience.

Ann McLaughlin Korologos

Director since November 1995

Ms. Korologos, age 69, 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 AMR Corporation and its subsidiary, American Airlines, Inc.; Host Hotels & Resorts, Inc.; Kellogg Company; and Vulcan Materials Company, a provider of construction aggregates. Ms. Korologos also served as a director of Microsoft Corporation during the last five years. Her current term expires at the 2013 Annual Meeting of Stockholders.

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 56, is the founder, Chairman and CEO of Neusoft Corporation, a leading IT solutions and services provider in China founded in 2001. 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 2012 Annual Meeting of Stockholders.

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 gained as the founder and leader of a global technology business.

Edward H. Meyer

Director since July 1990

Mr. Meyer, age 84, 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 2012 Annual Meeting of Stockholders.

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 53, 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, Mr. Paliwal served as President of Global Markets and Technology of ABB Ltd., a provider of industrial automation, power transmission systems and services, from January 2006 until June 2007. From January 2004 until June 2007, Mr. Paliwal served as President and CEO of ABB North America, and from October 2002 to December 2005 he served as President and Chief Executive Officer of ABB Automation. Mr. Paliwal also serves as a director of Tyco International Ltd. Mr. Paliwal served as a director of Embarq Corporation during the last five years. His current term as a director expires at the 2012 Annual Meeting of Stockholders.

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 board experience.

Kenneth M. Reiss

Director since February 2008

Mr. Reiss, age 68, 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 Wet Seal, Inc., a national specialty retailer. Mr. Reiss also served as a director of Eddie Bauer Holdings, Inc. and Guitar Center, Inc. during the last five years. His current term expires at the 2013 Annual Meeting of Stockholders.

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).

Gary G. Steel

Director since December 2007

Mr. Steel, age 58, has served as the Head of Group HR and Sustainability and a member of the Group Executive Committee of ABB Ltd. since January 2003. He is also Chairman of ABB subsidiaries in India and Sweden. 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 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 2012 Annual Meeting of Stockholders.

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, ITS COMMITTEES AND ITS COMPENSATION
The Board of Directors

The Board currently consists of nine directors. The Board has determined that eight of the directors are independent directors and one director is a current member of our senior management. 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 nine members, eight of whom are independent. 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 2011 Compensation

For services rendered during fiscal 2011, 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 (\$10,000) and Nominating Committee (\$10,000). The Lead Director received an additional annual retainer fee of \$20,000. 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. Starting in fiscal 2012, the annual retainer fee payable to the Compensation and Option Committee chairman and the Lead Director will be increased by \$5,000.

On the date of our 2010 Annual Meeting of Stockholders, each then-current non-management director received a restricted share unit (RSU) grant equal to \$125,000 divided by the closing price of our Common Stock on December 8, 2010. All of these RSUs were granted under the Harman International Industries, Incorporated Amended and Restated 2002 Stock Option and Incentive Plan (the 2002 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 2011.

Name	Fees Earned		Total
	Paid in Cash(1)	Stock Awards(2)(3)	
Brian F. Carroll	\$ 83,500	\$ 124,973	\$ 208,473
Dr. Harald Einsmann	89,500	124,973	214,473
Rajat K. Gupta(4)	55,135	124,973	180,108
Ann McLaughlin Korologos	116,500	124,973	