HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form DEF 14A
October 28, 2015

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

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Harman International Industries, Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

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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 28, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the Annual Meeting) of Harman International Industries, Incorporated, a Delaware corporation. The meeting will be held on Wednesday, December 9, 2015, beginning at 11:00 a.m. Eastern Time. We are very pleased that this year s 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 Annual Meeting, vote, and submit your questions during the meeting via live webcast by visiting www.virtualshareholdermeeting.com/HAR2015.

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 cost of our meeting, and conserves natural resources. On or about October 28, 2015, we will mail to our stockholders (other than those who previously requested electronic or paper delivery) a notice containing instructions on how to access our 2015 Proxy Statement and 2015 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, 2015 Proxy Statement and proxy card and 2015 Annual Report. If you elect to receive your proxy materials by mail, the notice of annual meeting, 2015 Proxy Statement and proxy card from our Board of Directors and 2015 Annual Report will be enclosed. If you elect to receive your proxy materials via e-mail, the e-mail will contain voting instructions and links to our 2015 Proxy Statement and 2015 Annual Report on the Internet.

At the meeting, management will report on our company s operations during fiscal year 2015 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 9, 2015

To Our Stockholders:

The 2015 Annual Meeting of Stockholders of Harman International Industries, Incorporated (the Annual Meeting) will be held online via the Internet on December 9, 2015, 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/HAR2015. Please have the information that is printed in the box marked by the arrow to enter the Annual Meeting. The Annual Meeting will be held for the following purposes:

(1) To elect the 11 directors named in the Proxy Statement to serve until the 2016 Annual Meeting of Stockholders;

(2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm for our 2016 fiscal year;

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

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

(5) 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 11 director nominees, FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for our 2016 fiscal year, FOR the approval of the amendment to our 2012 Stock Option and Incentive Plan, as amended, 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 14, 2015 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 Annual Meeting:

Internet;

Phone; or

Mail.

Please vote as soon as possible to record your vote promptly by voting over the Internet in advance of the Annual Meeting. Any proxy materials sent to you will include a proxy card that you may sign, date and promptly return in the enclosed postage prepaid envelope or you may vote by using the telephone or Internet voting procedures described on the proxy card, even if you plan to attend the Annual Meeting.

Important Notice regarding the Availability of Proxy Materials for the

Annual Meeting of Stockholders to be Held on December 9, 2015

The 2015 Proxy Statement and 2015 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 cost of the Annual Meeting, and conserves natural resources. On or about October 28, 2015, we will mail to our stockholders (other than those who previously requested electronic or paper delivery) a notice containing instructions on how to access our 2015 Proxy Statement and 2015 Annual Report and vote online. The notice will also include instructions on how you can receive a paper copy of the 2015 Annual Report and the proxy materials, including the notice of annual meeting, 2015 Proxy Statement and proxy card. If you elect to receive your proxy materials by mail, the notice of annual meeting, 2015 Proxy Statement, proxy card from our Board of Directors and 2015 Annual Report will be enclosed. If you elect to receive our proxy materials electronically, you will receive an e-mail 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 28, 2015

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. Eastern Time, December 9, 2015
Place	www.virtualshareholdermeeting.com/HAR2015
Record date	October 14, 2015
Voting	Stockholders as of the close of business on 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 11 directors
- Ratification of KPMG LLP as auditors for fiscal year 2016
- Approval of an amendment to the 2012 Stock Option and Incentive Plan, as amended
- 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	4
2	Ratification of KPMG LLP as Auditor for Fiscal Year 2016	FOR	50
3	Approval of an amendment to the 2012 Stock Option and Incentive Plan, as amended	FOR	52
4	Advisory Vote on Executive Compensation	FOR	61

Board Nominees

Article Eighth of our Restated Certificate of Incorporation and Article III of our Bylaws provide that directors shall be elected on an annual basis for a one year term. Each director is elected by a plurality of the votes cast, and is subject to our majority voting policy as described in this proxy statement. The following table provides summary information about each of our incumbent directors that have been nominated for re-election.

Name	Age	Director Since	Occupation	Experience/Qualification	Independent
Adriane M. Brown(1)(2)	57	2013	President and Chief Operating Officer, Intellectual Ventures	Leadership Strategy Innovation/Technology Operations	X
John W. Diercksen(3)	66	2013	Former Executive Vice President, Verizon Communications	Strategy Finance & Accounting	X
Ann McLaughlin Korologos(2)	73	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
Edward H. Meyer(1)(2)	88	1990	Chairman & CEO, Ocean Road Advisors, Inc.	Corporate Governance Marketing Capital Markets/ Allocation Executive Compensation	X
Robert Nail	42	2015	CEO, Singularity University	Leadership Innovation/Technology	X
Dinesh C. Paliwal	57	2007	Chairman, CEO & President, Harman International Industries, Incorporated	Leadership/Succession Strategy Global Operations Innovation/Technology Corporate Governance	
Abraham N. Reichental(1)(2)	57	2015	Executive Director, CEO and President, 3D Systems Corporation	Corporate Governance Leadership Innovation/Technology	X
Kenneth M. Reiss(2)(3)	72	2008	Former Partner, Ernst & Young	Corporate Governance Finance & Accounting Risk Management	X
Hellene S. Runtagh(1)(3)	67	2008	Former President & CEO, Berwind Group	Leadership Operations/Audit Information Technology	X

Frank S. Sklarsky(1)(3)	58	2012	CFO and Executive Vice President, PPG Industries, Inc.	Leadership Finance & Accounting Strategy Automotive	X
Gary G. Steel(1)(2)	62	2007	Former Head of Group HR, ABB Ltd.	Executive Compensation Talent/Succession Leadership Corporate Governance Global Operations Occupational Health & Safety	X

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

Snapshot of 2015 Director Nominees

In addition to the above table, the following highlights the key characteristics our board of directors believes qualifies its current members to serve the interests of our stockholders. Additional details on our director nominees are set forth in their individual biographies.

- Qualified: all of our director nominees are highly qualified directors with a diversity of skills and experiences

- Independent: of our 11 director nominees, 10 are independent

- Diverse: 45% of the director nominees are women or ethnically diverse

- Experienced: The average age of our director nominees is approximately 64 years and the average tenure of our director nominees is approximately seven years

- Fresh: Five new directors have joined our board of directors in the last five years

The Board recommends that you vote FOR each of the director nominees.

Auditors

As a matter of good corporate governance, we are asking our stockholders to ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016. Set forth below is summary information with respect to KPMG LLP s fees for services provided in fiscal years 2015 and 2014.

Type of Fees	Fiscal Year 2015	Fiscal Year 2014
Audit fees	$ 5,450,000	$ 6,015,000
Audit-related fees	261,000	142,000
Tax fees	814,000	925,000
All other fees	2,000	16,500
Total	$ 6,527,000	$ 7,098,500

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, as amended (the 2012 Incentive Plan) that would increase the number of shares of Common Stock available for future awards under the 2012 Incentive Plan by 2,000,000 shares. The 2012 Incentive Plan was approved by our stockholders in 2011, and amended by our stockholders in 2013 to increase the number of shares of Common Stock available for future awards and modify certain share counting provisions, 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 under the 2012 Incentive Plan for our executives and eligible key employees. The Compensation and Option Committee of our Board believes that the increase in the aggregate number of shares available for future grants under the 2012 Incentive Plan is appropriate in order 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 Incentive Plan to increase the number of shares of Common Stock available for awards under the 2012 Incentive 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 for Fiscal Year 2015

Type	Form	Terms
Cash	Salary	Increases must be approved by the Compensation and Option Committee (and also by the Board for our CEO)
	Annual incentive compensation	Based on quantitative and qualitative performance goals
Equity	60% Performance-vested restricted share units (Performance RSUs) at target achievement	Performance RSUs have a three-year performance period with three objective performance measures
	40% Time-vested restricted share units (RSUs)	RSUs generally vest on the third anniversary of the date of grant
Retirement	Supplementary pension (CEO and Mr. Augsburger only) and German Pension Plan (Mr. Mauser only)	For Supplementary Pension, ten year vesting, payable at or after age 55. For German Pension Plan, payable at the age of 60. 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, spouse travel expenses to company events, company products at cost and legal services

Other Key Compensation Features

- Executive share ownership requirements (six 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 former 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

Our company achieved record performance in fiscal year 2015. As a result of our organic and inorganic growth strategies, our net sales in fiscal year 2015 were $6.155 billion, an increase of 15 percent from the prior year, as all of our company s divisions in fiscal year 2015 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 capitalizing on robust demand for an embedded connected car experience, launching award winning products, and expanding our company s portfolio to strengthen our software capabilities and scale connected services to fully address the opportunities presented at the intersection of cloud, mobility and analytics. In addition, during fiscal year 2015 we continued to return value to our stockholders by increasing our dividend.

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.

2016 Annual Meeting

Deadline for stockholder proposals: August 29, 2016, but not earlier than July 30, 2016

Deadline for stockholder proposals for inclusion in proxy materials: June 30, 2016

HARMAN INTERNATIONAL INDUSTRIES, INCORPORATED

400 Atlantic Street

Stamford, CT 06901

PROXY STATEMENT

FOR THE 2015 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 2015 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 our stockholders on or about October 28, 2015. The Proxy Statement and the form of proxy relating to the Meeting will be made available to our 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 14, 2015 (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 14, 2015, there were 71,224,154 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:

- *by Internet*: visit the website shown on the Notice or the proxy card and follow the instructions;

- *in writing*: if you have requested a printed copy of the proxy materials, sign, date and return the proxy card in the envelope enclosed with the proxy materials; or

- *by telephone*: within the U.S. or Canada, call the toll-free telephone number shown on the proxy card enclosed with the proxy materials 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 11 director nominees to serve until our company s 2016 Annual Meeting of Stockholders;

FOR the ratification of our appointment of KPMG LLP as our independent registered public accounting firm for the 2016 fiscal year;

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

FOR the approval, by non-binding vote, 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 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 of the certification of the voting results of the Meeting, 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 vote over the Internet or by telephone, return a proxy or attend the Meeting will not have their shares of Common Stock count towards determining any required vote or quorum. Abstentions will count towards determining a quorum. Your broker, bank or other nominee is not permitted to vote on your behalf on non-routine matters, which include the election of directors, the approval of the amendment to the 2012 Stock Option and Incentive Plan, as amended, 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 broker, bank 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 nominee before the date of the Meeting on how to vote your shares. In the event that a broker, bank or other nominee does not receive voting instructions for these matters from its customers, such broker, bank or nominee may notify us that it lacks voting authority to vote those shares, which is referred to as a broker non-vote. These broker non-votes will be included in determining whether a quorum exists.

Each of the approval of the amendment to the 2012 Stock Option and Incentive Plan, as amended, the ratification of the independent registered public accounting firm and the approval of the advisory vote on executive compensation requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Meeting and entitled to vote. Therefore, shares not voted and broker non-votes, if any, will not be treated as votes cast and have no effect on these matters. Abstentions are considered voting power present at the Meeting and will have the same effect as votes cast against each of 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 proxy materials, including the Notice, this Proxy Statement and the 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 14, 2015 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/HAR2015

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

Please have the information that is printed in the box marked by the arrow to enter the Meeting

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

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 of the Meeting

Webcast replay of the Meeting will be available until December 5, 2016

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 2015 Annual Report?

A: Pursuant to the rules of the SEC, we are delivering to multiple stockholders sharing the same address a single copy of the Notice, this Proxy Statement or our 2015 Annual Report, unless we have received contrary instructions from any such stockholder. Upon written or oral request, we will mail a separate copy of this Proxy Statement and our 2015 Annual Report to any stockholder at a shared address to which a single copy of each document was delivered. You may contact us with such request or to request that separate proxy materials be provided in the future 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. Eligible stockholders of record receiving multiple copies of the proxy materials can request householding by contacting us in the same manner. Stockholders who own shares through a bank, broker or other nominee can request householding by contacting the nominee. We will mail materials you request at no cost to you. You can also access this Proxy Statement and our 2015 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 2016 Annual Meeting of Stockholders, a nominee will be elected by a plurality of votes cast. Nominees who receive a greater number of Withhold votes than For votes are required to promptly tender their resignation pursuant to our majority voting policy. The affirmative vote of a majority of the shares that 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, as amended (Proposal No. 3); and approve, by non-binding vote, our executive compensation (Proposal No. 4). Broker non-votes have no effect on the outcome of Proposal Nos. 1, 2, 3 and 4. Abstentions have the same effect as votes Against on Proposals 2, 3 and 4.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Stockholders will elect the directors at the Meeting to serve for one-year terms. This section contains information relating to the 11 director nominees.

The incumbent directors that have been nominated for re-election are Adriane M. Brown, John W. Diercksen, Ann McLaughlin Korologos, Edward H. Meyer, Robert Nail, Dinesh C. Paliwal, Abraham N. Reichental, Kenneth M. Reiss, Hellene S. Runtagh, Frank S. Sklarsky, and Gary G. Steel. Each of the nominees for election at the Meeting 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 2016 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.

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, pursuant to our majority voting policy, nominees who receive a greater number of Withhold votes than For votes are required to promptly tender their resignation. See The Board, its Committees and Its Composition Corporate Governance Majority Voting Policy.

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 75^{th} birthday, unless the Board otherwise grants a waiver to such policy. Mr. Edward H. Meyer, the Chairman of the Compensation and Option Committee of the Board (Compensation Committee), has been actively involved in the shareholder engagement process and has made other invaluable contributions to the Board in this role. The Board has temporarily waived the retirement policy for Mr. Meyer for at least one more term in order to ensure an orderly transition.

Nominees to be Elected at the Meeting

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

Ms. Brown, age 57, 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.

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 66, 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 currently serves as a Senior Advisor for LionTree Investment Advisors, a technology, media and telecommunications investment advisory firm. Mr. Diercksen is a director of Popular, Inc., a leading banking institution in Puerto Rico, and Intelsat, S.A., a communications satellite services provider.

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 73, 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, Host Hotels & Resorts, Inc. and Kellogg Company. Ms. Korologos also served as a director of Vulcan Materials Company and AMR Corporation, the parent company of American Airlines, during the last five years.

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 and corporate governance.

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

Mr. Meyer, age 88, 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. Mr. Meyer also served as a director of Ethan Allen Interiors Inc. and National CineMedia, Inc., an in-theater advertising company, during the last five years.

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.

Robert Nail **Director since September 2015**

Robert Nail, age 42, is the Associate Founder and Chief Executive Officer of Singularity University, a private corporation that provides educational programs, innovative partnerships and a startup accelerator to help individuals, businesses, institutions, investors, NGOs and governments utilize cutting-edge technologies. Prior to his appointment as Chief Executive Officer of Singularity University in October 2011, in October 2009 Mr. Nail co-founded Alite Designs, Inc. (Alite), a privately owned company that designs, manufactures, and markets products for outdoor use. From 2007 until 2009, Mr. Nail served as the General Manager for the Automation Solutions Division of Agilent Technologies Inc. (Agilent), a publicly traded life sciences, diagnostics and applied chemical markets company. Prior to his position with Agilent, in 1999 Mr. Nail co-founded Velocity11, a designer, manufacturer and marketer of robotic solutions, where he served until it was acquired by Agilent in 2007. Mr. Nail does not currently serve, and has not served in the last five years, on any other public company boards.

Mr. Nail 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 in founding multiple corporations and most recently as the Chief Executive Officer of a benefit corporation focusing on expanding the reach of innovative technologies.

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

Mr. Paliwal, age 57, 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 ABB Ltd., a global leader in industrial automation and power transmission systems. 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 currently serves as a director of Bristol-Myers Squibb Company. Mr. Paliwal served as a director of Tyco International Ltd. and ADT Corporation during the past five years.

Mr. Paliwal s qualifications to serve on the Board include his extensive expertise and experience in the areas of business execution and turnaround, international markets, strategy, as well as the comprehensive management and leadership experience he has gained as the head of a global business. In his 30-year professional career he has lived in six countries on four continents. He also has significant public company and non-profit board experience.

Abraham N. Reichental **Director since April 2015**

Abraham N. Reichental, age 57, is President and Chief Executive Officer and a member of the board of directors of 3D Systems Corporation, a publicly traded provider of advanced and comprehensive 3D digital design and fabrication solutions, including 3D printers, print materials and cloud-sourced custom parts. Prior to joining 3D Systems Corporation, Mr. Reichental served for more than 22 years in various senior executive positions with Sealed Air Corporation, a global manufacturer of protective, specialty and food packaging materials, most recently serving as Vice President and General Manager of Sealed Air Corporation s Shrink Packaging Division from May 2001 until September 2003 and previously as Vice President Asia-Pacific. Other than 3D Systems Corporation, Mr. Reichental does not currently serve, and has not served in the last five years, on any other public company boards.

Mr. Reichental s qualifications to serve on the Board include his extensive expertise and experience in the areas of international markets, technology, emerging markets and innovation, as well as the comprehensive management and leadership experience he has gained as the Chief Executive Officer of a publicly traded innovative technology corporation.

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

Mr. Reiss, age 72, 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 and is chair of the Audit Committee of The Children s Place, a national specialty retailer. Mr. Reiss also served as a director of The Wet Seal, Inc. during the last five years.

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).

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

Ms. Runtagh, age 67, 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.

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 58, 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.

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 corporations.

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

Mr. Steel, age 62, formerly served as the Head of Group HR and Sustainability and a member of the Group Executive Committee of ABB Ltd. from January 2003 to November 2013. 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 a publicly listed ABB subsidiary in India and is a non-executive director of SSEPD, a subsidiary of SSE plc, a publicly listed UK producer, distributer and supplier of electricity and gas. Mr. Steel served as a director of a publicly listed ABB subsidiary in Sweden during the last five years.

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. The Board has determined that the ten non-management directors are independent directors and that 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 11 members, ten of whom are independent. There are no family relationships among any directors or executive officers of our company.

Director Compensation

Process

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

Fiscal 2015 Compensation

For services rendered during fiscal year 2015, non-management directors received an annual retainer fee of $80,000. The chairperson of each of the Board s standing committees received an additional annual retainer fee as follows: Audit Committee ($30,000), Compensation Committee ($20,000) and Nominating Committee ($15,000). Each committee member (excluding the committee chair) received an additional annual retainer fee for each committee on which he or she served as follows: Audit Committee ($15,000), Compensation Committee ($10,000) and Nominating Committee ($7,500). 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. We also reimburse our directors for the travel expenses of a spouse in connection with attending meetings where spouses are invited to related events.

On the date of our 2014 Annual Meeting of Stockholders, each then-current non-management director received a restricted share unit (RSU) grant equal to $135,000 divided by the closing price of our Common Stock on December 3, 2014. All of these RSUs were granted under the Harman International Industries, Incorporated 2012 Stock Option and Incentive Plan, as amended (the 2012 Incentive Plan). New directors appointed after the date of our 2014 Annual Meeting of Stockholders received a pro-rata portion of the annual equity grant upon appointment to the Board. Each RSU vests on the first anniversary of the grant date.

Directors are permitted to elect deferral of the cash retainer and RSUs. No director elected to defer his or her cash retainer or RSUs during fiscal 2015.

The following table sets forth compensation earned by each of our non-management directors for his or her service as a director during fiscal 2015.

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)(3)	Other(4)	Total
Adriane M. Brown	$ 93,250	$ 134,900	$ 0	$ 228,150
John W. Diercksen	93,250	134,900	11,348	239,498
Ann McLaughlin Korologos	123,000	134,900	0	257,900
Dr. Jiren Liu(5)	37,500	0	7,815	45,315
Edward H. Meyer	107,875	134,900	0	242,775
Abraham N. Reichental	20,385	91,232	0	111,617
Kenneth M. Reiss	117,875	134,900	8,342	261,117
Hellene S. Runtagh	103,750	134,900	0	238,650
Frank S. Sklarsky	103,750	134,900	8,186	246,836
Gary G. Steel	96,625	134,900	1,414	232,939

(1) Includes annual retainer paid to each non-management director for his or her service as a director during fiscal 2015, and additional annual retainer fees paid to the Lead Director and the chairperson and other members of each committee of the Board.
(2) On December 3, 2014, each non-management director elected at our 2014 Annual Meeting of Stockholders received an RSU grant of 1,255 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 $134,900. On April 1, 2015, Mr. Reichental received a pro-rated portion of the annual RSU grant of 690 shares of our Common Stock. The grant date fair value of the award, calculated in accordance with FASB ASC Topic 718, was $91,232. As of June 30, 2015, the number of outstanding RSUs held by each of our then non-management directors was as follows: Ms. Brown (2,621 shares), Mr. Diercksen (2,621 shares), Ms. Korologos (3,319 shares), Mr. Meyer (3,319 shares), Mr. Reichental (690 shares), Mr. Reiss (3,319 shares), Ms. Runtagh (3,319 shares), Mr. Sklarsky (2,279 shares) and Mr. Steel (3,319 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, 2015, for information regarding the assumptions made in determining these values.
(3) As of June 30, 2015, the number of outstanding stock options held by each of our non-management directors was as follows: Ms. Korologos (19,000 shares), Mr. Meyer (19,000 shares), Mr. Reiss (8,000 shares), and Mr. Steel (8,000 shares). Our company ceased granting stock options to non-management directors after the appointment of Mr. Reiss in February 2008.
(4) Represents amounts for spouse travel paid for by our company.
(5) Dr. Liu retired from the Board at the end of his term on December 3, 2014.

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 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 year 2015 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 that no relationships exist that, in the opinion of the Board, would impair any non-management director s independence.

The Board has determined that each of Ms. Brown, Mr. Diercksen, Ms. Korologos, Mr. Meyer, Mr. Nail, Mr. Reichental, 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 11 members, ten of whom are independent and one of whom is a member of our senior management. 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 Withhold votes than For votes in 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 Withhold 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 Withhold votes.

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 year 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 seven meetings during fiscal year 2015. 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 year 2015. 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, 2015.

Name	**Audit**	**Compensation and Option**	**Nominating and Governance**
Adriane M. Brown		Member	Member
John W. Diercksen	Member		
Ann McLaughlin Korologos			Chair
Edward H. Meyer		Chair	Member
Abraham N. Reichental		Member	Member
Kenneth M. Reiss	Chair		Member
Hellene S. Runtagh	Member	Member	
Frank S. Sklarsky	Member	Member	
Gary G. Steel		Member	Member

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 2014 Annual Meeting of Stockholders.

Audit Committee

During fiscal 2015, the Audit Committee held nine 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 Messrs. Reiss, Diercksen and Sklarsky are audit committee financial experts 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 registered public accounting firm. The Audit Committee s primary responsibilities include:

- acting as the direct contact with our independent registered public accounting firm, who is ultimately accountable to the Audit Committee and the Board;
- appointing the independent registered public accounting firm, setting the terms of compensation and retention for the independent registered public accounting firm, and evaluating and overseeing the work of the independent registered public accounting firm;
- pre-approving all audit and non-audit services provided to our company by the independent registered public accounting firm;
- 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 51 of this Proxy Statement.

Compensation and Option Committee

During fiscal 2015, the Compensation Committee held five meetings. Each member of the Compensation Committee is independent under the New York Stock Exchange listing standards.

The Compensation Committee assists the Board in overseeing executive compensation and administers our executive bonus, option and incentive, deferred compensation and retirement plans. The Compensation 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 approving 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 Committee s responsibilities and key practices are discussed more fully in its written charter. A report of the Compensation Committee appears on page 33 of this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

Edward H. Meyer, Adriane M. Brown, Hellene S. Runtagh, Frank S. Sklarsky and Gary G. Steel served as members of the Compensation Committee in fiscal year 2015. During fiscal year 2015, no member of the Compensation Committee was an employee, officer or former officer of our company. None of our executive officers served in fiscal year 2015 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 Committee.

Nominating and Governance Committee

During fiscal year 2015, 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 approves and 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, together with the Chairman, 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 risks 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 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, gender, 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 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 year 2015, who were:

Name	**Title**
Dinesh C. Paliwal	Chairman, Chief Executive Officer, and President (the CEO)
Sandra E. Rowland	Executive Vice President and Chief Financial Officer*
Herbert K. Parker	Executive Vice President, Operational Excellence**
Blake Augsburger	Executive Vice President and President Professional Solutions Division
Michael Mauser	Executive Vice President and President Lifestyle Audio Division
Todd Suko	Executive Vice President and General Counsel

* Ms. Rowland was appointed Executive Vice President and Chief Financial Officer effective January 1, 2015.

** Mr. Parker served as Executive Vice President and Chief Financial Officer from June 2008 until January 1, 2015.

Mr. Paliwal, Ms. Rowland and Mr. Parker were NEOs by reason of their role with our company, and Mr. Augsburger, Mr. Mauser and Mr. Suko were NEOs by reason of their level of compensation with our company.

Compensation Program Summary

Our compensation program is designed to:

- Reward for performance against goals that we believe are the key drivers of long-term stockholder value;
- Align executives directly with our stockholders; and
- Attract, retain, and motivate top executive talent.

In order to achieve these objectives, compensation is delivered through a mix of fixed and variable pay elements, summarized below and discussed further in the Compensation Program Details section of this CD&A.

Fiscal Year 2015 Performance Context

Fiscal year 2015 was a record breaking year for our company. Some of our significant accomplishments during fiscal year 2015 included:

- net sales were $6.155 billion, an increase of 15 percent from the prior fiscal year, as all of our company s divisions reported sales increases;
- we delivered fiscal year 2015 non-GAAP earnings per share (EPS) of $5.71, an increase of 29% over fiscal year 2014; and
- we increased our annual dividend from $1.20 per share to $1.32 per share and announced that in fiscal year 2016 we would increase our annual dividend from $1.32 per share to $1.40 per share.

Overview of Fiscal Year 2015 Program and Changes for Fiscal Year 2016

Element	**Description**	**Objective**	**Key Changes for Fiscal Year 2016**
Base salary	Set based on each executive s role, responsibilities and performance Data on comparable positions in the market used as context	Provide a competitive level of fixed compensation to achieve attraction and retention objectives	3% increase for the CEO Increases for other NEOs vary, to recognize performance and market positioning
Annual incentive	Annual cash incentive opportunity Can range from 0% to 150% of the target award for the CEO and from 0% to 200% of the target award for the other NEOs, based on performance Financial performance measures: Revenue (weighted 30%) Earnings before interest, taxes, depreciation and amortization (EBITDA , weighted 40%) Free Cash Flow (weighted 30%) NEOs who are division heads weighted 50% on division results and 50% on total company results	Align executives with the operating performance of our company Drive profitable growth through a combination of revenue and earnings Use free cash flow to measure our ability to generate cash and reinvest in growth initiatives Achieve pay-for-performance	Slight increases in annual cash incentive opportunity for certain NEOs based on benchmark data

The CEO is tied 100% to company financial performance measures; awards for other NEOs may be adjusted to reflect their individual performance

	Goals are set by the Compensation Committee in the first quarter each fiscal year, and are set considering guidance provided to investors, among other factors		
Long-term incentive (LTI)	Performance-based restricted share units (Performance RSUs): 60% of target LTI	Align management with stockholders by delivering a significant portion of compensation in equity	Change vesting for Time RSUs from 3-year cliff to 3-year ratable to better achieve attraction objectives and align with market practice
	Can range from 0 to 200% of the target award based on three-year performance:	Achieve pay-for-performance and retention objectives through a blend of Performance RSUs and Time RSUs	Increase for the CEO in target grant value from $4.97 million to $7.0 million based on benchmark data, and slight increases in target grant values for certain other NEOs based on benchmark data
	Cumulative EPS against a stated goal (weighted 50%)	The performance metrics, in combination with the annual incentive plan metrics, focus on key drivers of long-term stockholder value; use of TSR aligns payouts directly with stockholder value	
	Relative Total Shareholder Return (TSR , weighted 50%)		
	Average Return on Invested Capital (ROIC , applied as a negative modifier, rather than a weighted factor, such that the award will be reduced if ROIC is below a specified threshold)		
	Time-vested restricted share units (Time RSUs): 40% of target LTI		

Other policies	Stock ownership guidelines and requirement to hold all net shares until guidelines are met Clawback policy Insider trading (anti-hedging) policy Supplemental Executive Retirement Plan (SERP) for Mr. Paliwal and Mr. Augsburger and German Pension Plan for Mr. Mauser Termination and change-in-control provisions	See further discussion of each policy in the Compensation Program Details section	For NEOs other than the CEO, increases to termination severance benefits, and for NEOs other than the CEO and Mr. Parker, increases to change-in-control severance benefits based on benchmark data

Process for Determining Compensation

The Role of the Compensation Committee

The Compensation Committee meets throughout the year to assess, review, and ultimately approve the compensation program and pay levels for all of our executive committee members, which includes all NEOs. The Compensation Committee makes recommendations to the Board regarding our CEO s compensation, and the full Board (without the CEO) makes all final decisions regarding CEO compensation. The Compensation Committee retains an independent compensation consultant (described below under The Role of the Committee s Independent Consultant) to provide advice in connection with its assessment of the compensation program.

Consideration of Stockholder Feedback in Light of the Results of the 2014 Annual Meeting Say-on-Pay Vote

The Compensation Committee highly values stockholder feedback on our company s compensation program. Each year the Compensation Committee takes into account the result of the prior say-on-pay vote cast by our stockholders. At the 2014 Annual Meeting, the advisory vote to approve compensation of the NEOs resulted in approximately 93.8% of the votes cast in favor of our executive compensation program. Considering the strong support from our stockholders, the Compensation Committee did not implement extensive changes to our company s compensation program for fiscal year 2016.

The Role of the CEO

Our CEO is included in discussions and makes recommendations to the Compensation Committee on compensation for our executive committee members, including our NEOs (except with respect to his own compensation). The Compensation Committee reviews the recommendations from the CEO and makes all final compensation decisions, except with respect to the CEO s compensation which is ultimately decided by the Board in executive session without the CEO s participation. Our CEO also provides his evaluation of each executive officer s performance, including our NEOs except for himself, against their individual objectives for the Compensation Committee s consideration and approval as part of his recommendation for appropriate compensation awards under the annual incentive program. Our CEO does not participate in discussions, either with the Compensation Committee or the Board, regarding his own compensation.

The Role of the Committee s Independent Consultant

In fiscal year 2015, the Compensation Committee retained ClearBridge as its independent compensation consultant. ClearBridge reports directly to the Compensation Committee, and provides advice and recommendations regarding executive compensation design for the CEO and executive committee members, as well as assistance in benchmarking executive compensation levels. ClearBridge does not provide any other services, beyond the services provided to the Compensation Committee, for our company or management.

The Role of Benchmarking

In assessing and determining total compensation opportunities for the NEOs, the Compensation Committee considers market data as an input to the process. As there is no well-defined group of comparable publicly-traded companies in the United States operating in the same industries as our company, the Compensation Committee considers multiple external perspectives as an input to the process.

Specifically, the Compensation Committee uses a Pay Benchmarking Peer Group that consists of companies in the automotive and technology related sectors, with revenues generally ranging from one-half to two times our company s revenues to reflect companies with comparable industry scope and size. For fiscal year 2015, the Compensation Committee made changes to the Pay Benchmarking Peer Group to reflect the evolution in our company s size and the scope of our business. The Compensation Committee supplements that data with compensation survey data from the Towers Watson Compensation Data Bank® Executive Compensation Survey (the Towers Watson Survey), which is a published third-party survey. The Compensation Committee has no input in determining the companies in the Towers Watson Survey and does not consider the survey companies to be a peer group. Companies in the Pay Benchmarking Peer Group are shown below:

Companies in the Pay Benchmarking Peer Group (n=20)

Advanced Micro Devices, Inc.	Autoliv, Inc.	Borgwarner, Inc.	Cooper-Standard Holdings, Inc.
Dana Holding Corp.	Freescale Semiconductor Ltd.	Garmin Ltd.	Harris Corp.
Intuit Inc.	Juniper Networks Inc.	Lexmark International, Inc.	Marvell Technology Group Ltd.
Moog Inc.	Motorola Solutions Inc.	Nvidia Corp.	Rockwell Automation, Inc.
Rockwell Collins Inc.	Sandisk Corp.	Tenneco, Inc.	Visteon Corp.

The Role of Tally Sheets

The Compensation Committee reviews tally sheets, which include all components of compensation paid to our executive committee members, including all NEOs, in the most recent fiscal year. The tally sheets also provide information on potential payouts to the executive committee members upon various termination scenarios. The Compensation Committee considered the information presented in the tally sheets in determining the compensation program for our executive committee members for fiscal year 2015.

Compensation Program Details

This section sets forth the specific details of the executive compensation program, as previously summarized in the Compensation Program Summary above.

NEO Target Pay Levels for Fiscal Year 2015

The Compensation Committee determines target compensation opportunities for the NEOs in the first quarter of each fiscal year, considering all of the inputs described above under Process for Determining Compensation. The table below provides a summary of target compensation opportunities for each of the NEOs, which differs from the disclosure provided in the Summary Compensation Table as described in the footnotes below.

Name	Title	Base Salary(1)	Target Annual Incentive (% of salary)(2)	Target Total Cash Compensation	Target Long-Term Incentive Value(3)	Target Total Direct Compensation
Dinesh C. Paliwal	Chairman, President & CEO	$ 1,229,318	200%	$ 3,687,954	$ 4,967,000	$ 8,654,954
Sandra E. Rowland	EVP & CFO	$ 560,000	75%	$ 980,000	$ 1,106,250	$ 2,086,250
Herbert K. Parker	EVP, Operational Excellence	$ 560,000	75%	$ 980,000	$ 1,100,000	$ 2,080,000
Blake Augsburger	EVP & Pres., Professional Solutions	$ 492,000	75%	$ 862,000	$ 1,000,000	$ 1,862,000
Michael Mauser(4)	EVP & Pres., Lifestyle Audio	$ 473,000	75%	$ 802,000	$ 1,100,000	$ 1,902,000
Todd Suko	EVP & General Counsel	$ 453,000	75%	$ 793,000	$ 800,000	$ 1,593,000

(1) Represents salary rate effective as of September 1, 2014 for all NEOs except for Ms. Rowland, whose salary represents rate effective as of January 1, 2015, upon effectiveness of her appointment as our company s Executive Vice President and Chief Financial Officer. Salary provided in the Summary Compensation Table represents actual earned amount during fiscal year 2015.

(2) Represents award opportunity earned at target performance. Non-Equity Incentive Plan Compensation provided in the Summary Compensation Table represents the actual annual incentive award paid for fiscal year 2015.

(3) Represents targeted dollar amount of LTI. Based on this dollar amount, the number of RSUs to be granted is determined based on the ten-trading day average closing stock price of our Common Stock prior to the grant date. The amount reported in the Summary Compensation Table is different from this amount since it is based on the actual stock price of our Common Stock on the date of grant, as well as the required accounting valuation for the Performance RSUs.

(4) Mr. Mauser s compensation is paid in Euros and his target cash compensation as of September 1, 2014 has been translated into U.S. Dollars at the exchange rate in effect on June 30, 2015 in the case of bonus payment, and at the average exchange rate for the 12 months ended June 30, 2015 in the case of salary and other compensation amounts.

Base salaries provide executives with competitive level of fixed pay, reflective of their role and performance. For fiscal year 2015, Messrs. Paliwal, Augsburger, Mauser and Suko received 3% salary increases to reflect performance. Ms. Rowland s salary was increased from $310,000 to $560,000 upon her promotion to Executive Vice President and Chief Financial Officer on January 1, 2015 to reflect her new role and responsibilities.

Annual Incentive Plan Design

Fiscal Year 2015 Annual Incentive Plan Design and Payouts

The Compensation Committee reviews and approves all aspects of the annual incentive plan design, as described in this section, in the first quarter of each fiscal year. Annual incentives for fiscal year 2015 were awarded under our key executive officers bonus plan, consistent with prior years.

Performance Measures. The Compensation Committee selected the performance measures for fiscal year 2015 in order to emphasize profitable growth, and to measure our ability to generate cash and reinvest in growth initiatives. Bonus payouts for the NEOs are determined primarily based on financial goals: Revenue, EBITDA and Free Cash Flow. If the financial goals are achieved, awards for NEOs other than the CEO can be adjusted downward based on performance against their individual goals. Financial goals for the CEO, CFO and Mr. Suko are based on total company results, and financial goals for the other NEOs are based 50% on the performance of their respective divisions and 50% on the performance of the total company in order to provide balance between division and total company results.

Performance Goals. Performance goals for the annual incentive plan are reviewed and approved in the first quarter of each fiscal year, which are set considering our company s financial guidance as of that date. During the third quarter of fiscal year 2015, we updated our guidance by increasing our projected results to reflect our fiscal year forecast. However, the bonus goals remained at the levels at which they were initially set in September 2014, and were not adjusted. As a policy matter, the Compensation Committee has determined not to adjust bonus goals once set in response to any update to our guidance during the fiscal year. Goals are set on a currency-adjusted basis (constant currency) such that bonuses are not impacted (positively or negatively) by foreign currency fluctuations throughout the course of the fiscal year. The Compensation Committee believes this approach is the most appropriate way to reward management for the annual operating results of the business.

Non-GAAP measure. Free Cash Flow is a non-GAAP measure which the Compensation Committee calculates as follows: operating income plus depreciation and amortization plus change in working capital. The change in working capital includes net accounts receivable from third parties plus net inventories less trade accounts payable to third parties.

Calculation of Payout. The Compensation Committee set the annual incentive plan goals to provide for a payout commensurate with the performance level. Payout with respect to each measure is calculated separately. If performance falls below the threshold level, no award will be paid with respect to that performance measure. Straight line interpolation is applied for performance that falls between each of the performance levels shown below.

($ in thousands)

			Performance Level Required to Achieve Payout at:					
Business	**Metric**	**Weight**	**Threshold** *(50% of target)*	*(80%)*	**Target** *(100%)*	**Maximum** *(150% for CEO 200% for other NEOs)*	**Actual Performance(1)**	**Resulting Annual Incentive Achievement for other NEOs(2)**
Total Company	Revenue	30%	$ 5,630,765	$ 5,842,275	$ 6,023,110	$ 6,159,112	$ 6,496,000	200%
	EBITDA	40%	$ 588,554	$ 634,149	$ 687,968	$ 729,055	$ 723,000	185%
	Free Cash Flow	30%	$ 346,361	$ 377,186	$ 414,079	$ 436,969	$ 584,000	200%
Infotainment	Revenue	30%	$ 2,863,751	$ 2,995,600	$ 3,108,000	$ 3,185,700	$ 3,360,000	200%
	EBITDA	40%	$ 316,416	$ 350,078	$ 377,464	$ 401,667	$ 424,000	200%
	Free Cash Flow	30%	$ 209,738	$ 232,797	$ 252,262	$ 264,875	$ 316,000	200%
Lifestyle	Revenue	30%	$ 1,725,260	$ 1,774,016	$ 1,820,000	$ 1,856,400	$ 1,977,000	200%
	EBITDA	40%	$ 236,692	$ 246,443	$ 265,766	$ 278,460	$ 279,000	200%
	Free Cash Flow	30%	$ 190,943	$ 200,206	$ 215,320	$ 221,780	$ 263,000	200%
Professional	Revenue	30%	$ 1,041,754	$ 1,072,659	$ 1,095,110	$ 1,117,012	$ 1,070,000	77%
	EBITDA	40%	$ 163,446	$ 169,627	$ 176,738	$ 187,928	$ 153,000	0%
	Free Cash Flow	30%	$ 84,680	$ 88,000	$ 90,315	$ 102,315	$ 140,000	200%
Services(3)	Revenue	50%	$ 280,000	$ 297,000	$ 303,000	$ 333,000	$ 319,000	154%
	EBITDA	50%	$ 28,000	$ 30,000	$ 32,000	$ 38,000	$ 60,800	200%

(1) As previously discussed, all amounts shown are on a constant currency basis and do not equal reported results.
(2) Our CEO s resulting annual incentive achievement for actual performance of our total company was 147% out of a maximum of 150%.
(3) Services Division includes the results of our infotainment services business and car audio services business, which were reported within our Infotainment Division and Lifestyle Division, respectively, for fiscal year 2015. Services Division also includes the results of operations of Symphony Teleca Corporation and its subsidiaries (STC) since our acquisition of STC on April 8, 2015.

Individual Goals. Like the corporate and division objectives, individual performance objectives are intended to challenge executives to achieve stretch goals that contribute to the achievement of the annual operating plan, improve our company s performance, and ensure that corporate and division financial goals are met or exceeded. Individual performance objectives are also designed to ensure successful execution of ongoing strategic objectives, such as reducing selling, general and administrative expense (SG&A), achieving synergies from acquisitions, the growth of our headphone business, and timely delivering critical projects. Potential scores for achievement of individual performance objectives range from 0% to 100%. As approved by the Compensation Committee:

For the period from July 1, 2014 through December 31, 2014, Ms. Rowland s individual objectives included goals related to broadening our exposure to non-U.S. investors (25% weight); updating company and division strategy (30% weight); developing an M&A deal pipeline and corporate venture capital plan (40% weight); and increasing analyst coverage (25% weight). Based on her efforts and achievements against these targets, Ms. Rowland received an aggregate individual objective score of 120% out of a maximum of 120%. For the period from January 1, 2015 through June 30, 2015, Ms. Rowland s individual objectives included goals related to driving cash flow from operations (20% weight); implementing tax efficiency projects (20% weight); reducing SG&A as a percentage of sales (20% weight); and refinancing our existing credit facility and completing a public debt offering (40% weight). Based on her efforts and achievements against these targets, Ms. Rowland received an aggregate individual objective score of 100% out of a maximum of 100%.

For the period from July 1, 2014 through December 31, 2014, Mr. Parker s individual objectives included goals related to reducing SG&A as a percentage of sales (25% weight); driving cash flow from operations (25% weight); implementing tax efficiency projects (25% weight); and completing a China finance organization review (25% weight). Based on his efforts and achievements against these targets, Mr. Parker received an aggregate individual objective score of 94% out of a maximum of 100%. For the period from January 1, 2015 through June 30, 2015, Mr. Parker s individual objectives included goals related to a cyber-security review of STC sites (25% weight); achieving synergies from the acquisition of Martin Professional A/S (25% weight); achieving synergies from the acquisition of AMX Corporation (25% weight); and developing a three year plan for shared services including our newly acquired entities (25% weight). Based on his efforts and achievements against these targets, Mr. Parker received an aggregate individual objective score of 100% out of a maximum of 100%. Mr. Parker s individual objective score for each set of targets were weighted 50%/50%, for an overall objective score for fiscal year 2015 of 97% out of a maximum of 100%.

Mr. Augsburger s individual objectives included goals related to driving cash flow for the Professional Division (25% weight); the integration of AMX Corporation (25% weight); localizing product design and development for products sold in China (25% weight); and reducing slow moving and obsolete finished goods (25% weight). Based on his efforts and achievements against these targets, Mr. Augsburger received an aggregate individual objective score of 100% out of a maximum of 100%.

Mr. Mauser s individual objectives included goals related to driving cash flow for the Lifestyle Division (20% weight); growing the car audio business (30% weight); increasing car audio take rate (25% weight); and growing global sales of headphones (25% weight). Mr. Mauser s individual objectives also included a recruitment target which, if not achieved, would result in the reduction by 5% of his individual objective score. Based on his efforts and achievements against these targets, Mr. Mauser received an aggregate individual objective score of 95% out of a maximum of 100%.

Mr. Suko s individual objectives included goals related to execution of an intellectual property monetization strategy (25% weight); development of a new aircraft noise cancelling system (25% weight); expansion of the services portfolio and enhancement of our global compliance program (25% weight); and refinancing our existing credit facility and completing a public debt offering (25% weight). Based on his efforts and achievements against these targets, Mr. Suko received an aggregate individual objective score of 100% out of a maximum of 100%.

Long-Term Incentive Plan Design

Long-term incentives are granted under our equity incentive plans. Our equity incentive plans are administered by the Compensation Committee and are designed to provide incentive compensation to executive officers and other key employees in the form of equity-based vehicles that align executives with stockholders. Generally, the Compensation Committee approves the annual equity awards under our equity incentive plan in September of each year. When making equity-based incentive awards, the Compensation Committee also takes into consideration the dates on which we expect to make public announcements regarding earnings as well as other events or circumstances that have not been publicly announced that may be deemed material to us, our stockholders and other investors.

The chart below provides a summary of our outstanding equity award cycles, which are discussed further throughout the remainder of this section:

Grant Date	**Vesting**	**Vehicle/Mix (at Target)**	**Performance Measures for Performance RSUs**	**Actual Vesting of Performance RSUs**
09/10/2012 *(Fiscal Year 2013)*	09/10/2015	50% Performance RSUs 50% Time RSUs	3-Year Cumulative EPS (33 1/3%) 3-Year Relative TSR (33 1/3%) 3-Year Average ROIC (33 1/3%)	168.9% of target
09/10/2013 *(Fiscal Year 2014)*	09/10/2016	60% Performance RSUs 40% Time RSUs	3-Year Cumulative EPS (50%) 3-Year Relative TSR (50%) 3-Year Average ROIC (Modifier)	TBD following the end of Fiscal Year 2016
09/09/2014 *(Fiscal Year 2015)*	09/09/2017	60% Performance RSUs 40% Time RSUs	3-Year Cumulative EPS (50%) 3-Year Relative TSR (50%) 3-Year Average ROIC (Modifier)	TBD following the end of Fiscal Year 2017
09/15/2015 *(Fiscal Year 2016)*	09/15/2018	60% Performance RSUs 40% Time RSUs	3-Year Cumulative EPS (50%)	TBD following the end of Fiscal Year 2018

3-Year Relative TSR
(50%)

3-Year Average ROIC
(Modifier)

Achievement of September 2012 Performance RSUs (vested September 10, 2015)

The Performance RSUs granted on September 10, 2012 were earned at 168.9% of target based on our company s achievement against the 3-Year Cumulative EPS, 3-Year Relative TSR and 3-Year Average ROIC goals established by the Compensation Committee at the time of the grant. The chart below provides the goals and actual performance results:

Metric	**Weight**	**Performance Level Required to Achieve Payout at:** **Threshold** *(50% of target)*	**Target** *(100%)*	**Maximum** *(200%)*	**Actual Performance**	**Resulting Performance RSU Vesting** *(% of target PRSUs)*
3-Year Cumulative EPS: Fiscal Year 2013 Fiscal Year 2015	33 1/3%	$ 12.55	$ 13.21	$ ³ $14.53	$ 13.30	107%
3-Year Relative TSR Positioning	33 1/3%	25th percentile	50th percentile	75th percentile	75th percentile	200%
3-Year Average ROIC: Fiscal Year 2013 Fiscal Year 2015	33 1/3%	14.5%	15%	16%	16.5%	200%
Total Award Vesting (% of target PRSUs)						**168.9%**

Grant of September 2013 Awards (Fiscal Year 2014 Grant)

In September 2013, we granted equity to our NEOs as follows (the September 2013 Awards):

Vehicles, Mix and Vesting.

- 60% Performance RSUs (at target): Vest on the third anniversary of the grant date based on performance goals established by the Compensation Committee (the 2013 Performance RSUs); and

- 40% Time RSUs (at target): Vest on the third anniversary of the grant date subject to the executive s continued employment with our company.

Performance Measures. The payout of the 2013 Performance RSUs will be determined as follows: EPS and Relative TSR will be equally weighted (50% each) to determine the initial payout. The initial payout will then be multiplied by a factor from 66.7% to 100% to determine the final payout. This factor will be determined based on our ROIC performance during the measurement period. The rationale for this change is to encourage management to pursue growth opportunities that are expected to produce returns above our cost of capital and are thus value-creating for stockholders.

Performance Goals. The 2013 Performance RSUs are subject to our company s achievement of certain specified levels of performance. The number of 2013 Performance RSUs that will vest with respect to each performance measure will be determined as follows: (i) no 2013 Performance RSUs will be earned for performance below the threshold level for the measure, (ii) 50% of the target 2013 Performance RSUs will be earned upon achievement of the threshold level for the measure, (iii) 200% of the target 2013 Performance RSUs will be earned upon achievement of the maximum level for the measure, and (iv) for performance between threshold and target and target and maximum, the number of 2013 Performance RSUs earned for each measure will be determined by straight-line interpolation.

Non-GAAP Measures. EPS is a non-GAAP measure. ROIC is defined as net operating profit after tax divided by invested capital (which is defined as the sum of total debt and shareholder equity). Relative TSR is calculated as stock price appreciation plus reinvested dividends, where the stock price is defined as the 40-trading-day-average closing stock price immediately prior to the grant date and the vesting date.

Relative TSR Peer Group. TSR is assessed relative to a group of companies shown below, which is different than the Pay Benchmarking Peer Group described in The Role of Benchmarking. The Compensation Committee selected this group of companies for the Relative TSR Peer Group for the 2013 Performance RSUs

because of the comparable nature of their business to our company s business. However, many of the companies are significantly larger or are not in the United States; as a result, many of these companies were not considered appropriate for assessing the target pay levels for the NEOs as part of the Pay Benchmarking Peer Group.

Companies in the Relative TSR Peer Group (n=29)

Aisin Seiki Co.	Alpine Electronics, Inc.	AU Optronics Corp.	Audi AG
Bang & Olufsen A/S	Best Buy Co., Inc.	BMW AG	Continental AG
Daimler AG	Denso Corporation	Fiat Group Automobiles S.P.A.	Flextronics International Ltd.
Fujikon Industrial Holdings Limited	Garmin Ltd.	Honda Motor Co. Ltd.	Jabil Circuit, Inc.
Johnson Controls, Inc.	Live Nation Entertainment, Inc.	Media Markt	Nokia Corporation
Panasonic Corporation	Pioneer Electronics (USA), Inc.	Renesas Electronics Corporation	Texas Instruments Incorporated
Tom Tom International BV	Toshiba Corporation	Toyota Motor Corporation	TRW Automotive Holdings Corp.
Yamaha Corp.			

Grant of September 2014 Awards (Fiscal Year 2015 Grant)

In September 2014, we granted equity to our NEOs (the September 2014 Awards), which were structured the same way as the September 2013 Awards, with adjusted levels for the performance goals.

Grant of September 2015 Awards (Fiscal Year 2016 Grant)

In September 2015, we granted equity to our NEOs (the September 2015 Awards), which were structured substantially the same way as the September 2013 Awards and the September 2014 Awards, with adjusted levels for the performance goals and certain updates to the Relative TSR Peer Group. The vesting schedule for the Time RSUs was also changed from 3-year cliff vesting to 3-year ratable vesting.

Relative TSR Peer Group. The Compensation Committee revised the group of companies for the Relative TSR Peer Group for the September 2015 Awards.

Companies in the Relative TSR Peer Group (n=27)

Aisin Seiki Co.	Alpine Electronics, Inc.	AU Optronics Corp.	Audi AG
Best Buy Co., Inc.	BMW AG	Continental AG	Daimler AG
Denso Corporation	Fiat Group Automobiles S.P.A.	Flextronics International Ltd.	Fujikon Industrial Holdings Limited
Garmin Ltd.	Honda Motor Co. Ltd.	Jabil Circuit, Inc.	Johnson Controls, Inc.
Live Nation Entertainment, Inc.	Metro AG	Nokia Corporation	Panasonic Corporation
Pioneer Electronics (USA), Inc.	Renesas Electronics Corporation	Texas Instruments Incorporated	Tom Tom International BV
Toshiba Corporation	Toyota Motor Corporation	Yamaha Corp.	

Benefits, Perquisites, and Contracts

Employment Agreements and Offer Letters

Since 2007, we have had an employment agreement in place with Mr. Paliwal. The employment agreement with Mr. Paliwal provides continuity and stability in leadership for the organization. Mr. Mauser has been employed since May 2005 pursuant to an employment agreement with a German subsidiary of our company. Other than Mr. Paliwal and Mr. Mauser, we have not entered into employment agreements with our NEOs, who are employed pursuant to offer letters.

Severance Agreements and Change in Control Severance Arrangements

In addition to the employment agreements identified above, we also have entered into separate severance agreements and change in control severance agreements with Mr. Paliwal and each of our other NEOs, which are detailed below under Executive Compensation Severance and Change in Control Benefits. These agreements provide for severance benefits in the event of a termination of employment under specified circumstances, including, with respect to the change in control severance agreements, following a change in control of our company, to provide executives with competitive levels of severance protection. Our key executive officers bonus plan also provides for a pro-rated award amount of the executive s target award amount for that fiscal year if he or she is employed by us at the time of the change in control or was terminated after commencement of discussions that resulted in a change in control of our company but within 180 days prior to the change in control. The payout amounts under our key executive officers bonus plan, the severance agreements and the change in control severance agreements are as follows:

	Severance Upon Qualifying Termination Not In Connection with a Change in Control	Following a Change in Control
Dinesh Paliwal	Two times the sum of salary plus target bonus and pro rata bonus	Three times the sum of salary plus target bonus and pro rata target bonus
Herbert Parker	One times salary and pro rata bonus	Two times the sum of salary plus target bonus and pro rata target bonus
Michael Mauser	12 months salary	One and one-half times salary and pro rata target bonus
Other NEOs	One times salary and pro rata bonus	One and one-half times salary and pro rata target bonus

Severance payments were determined based on competitive levels in the market.

If any severance payments or benefits related to a change in control provided to either Mr. Paliwal or Mr. Parker would be subject to the excise tax imposed on parachute payments by the Internal Revenue Code of 1986, we will gross-up his compensation for all such excise taxes and any federal, state and local taxes applicable to such gross-up payment. With respect to Mr. Paliwal and Mr. Parker, each will only receive this gross-up in the event his employment is terminated upon a change in control of our company. In 2009, the Compensation Committee decided, in the exercise of its judgment, that our company would not provide this benefit to any of our other NEOs or any future executive officers. For the NEOs other than Mr. Paliwal and Mr. Parker, if severance payments and benefits related to a change in control would be subject to the excise tax, then such amounts will be reduced if and to the extent necessary so that no portion thereof will be subject to the excise tax, but if the executive would receive in the aggregate greater payments and benefits on an after-tax basis if the amounts were not subject to such reduction, then no such reduction will be made.

Under the terms of our approved equity incentive plans and the related award agreements, unvested stock options, restricted shares and Time RSU awards become fully vested upon a change in control of our company. We adopted this treatment for our long-term compensation plan for the following reasons:

- to fully align employees with stockholders in the event of a transaction that qualifies as a change in control;
- to ensure that ongoing employees are treated the same as terminated employees with respect to outstanding equity grants; and
- to retain key employees in the face of a potential change in control by providing a benefit if they remain with our company through the date of the change in control.

The Performance RSUs will partially vest upon a change in control of our company. If the change in control event occurs prior to the vesting date, the Performance RSUs will vest as follows:

- 60% vest automatically; and

a pro rata portion of the remaining 40% will vest based on the number of days lapsed from date of grant to the effective date of the change in control, divided by the three-year vesting period.

The Compensation Committee believes that these benefits are consistent with its objectives and are necessary and appropriate in order to attract and retain qualified senior executives.

Fiscal Year 2016 Changes to Severance Agreements

On October 13, 2015, we entered into amended and restated severance agreements with Ms. Rowland and Messrs. Augsburger, Mauser and Suko to combine the change in control severance agreements and severance agreements, to increase severance benefits in the event of a termination of employment under specified circumstances, including following a change in control of our company to provide executives with competitive levels of severance protection, and to broaden the applicability of the confidentiality, non-compete and non-solicit provisions.

On October 13, 2015, we also entered into an amended and restated severance agreement with Mr. Parker to increase severance benefits in the event of termination of employment under specified circumstances, excluding termination in connection with a change in control. Mr. Parker s change in control severance agreement, which contains the excise tax gross-up provision, was not amended.

The payout amounts under these amended and restated severance agreements are as follows:

	Severance Upon Qualifying Termination	
	Not In Connection with a Change in Control	**Following a Change in Control**
Herbert Parker	One times the sum of salary plus target bonus and pro rata bonus	No change
Other NEOs	One times the sum of salary plus target bonus and pro rata bonus	Two times the sum of salary plus target bonus and pro rata target bonus

Employee Benefits

We provide certain executive officers with supplemental retirement, termination and death benefits under our SERP. As of January 2008 we decided to suspend providing this benefit to newly hired or promoted executive officers. Mr. Mauser is entitled to an annual pension that is equal to two percent of eligible salary for every year of service, up to a maximum of 30%. This pension is payable at age 60 and is offset by a pension payable from the Harman/Becker Nokia plan in the amount of 3,396 Euro. The annual benefit will be increased by the cost of living rate, currently assumed to be 5.25% every three years. We provide our executive officers employed in the United States, including our NEOs, with the opportunity to participate in our Deferred Compensation Plan (DCP). These plans are described below under the captions Executive Compensation Pension Benefits for Fiscal Year 2015 and Executive Compensation Nonqualified Deferred Compensation.

Our NEOs are also eligible to participate in other company-sponsored benefit plans available to employees generally, including medical and life insurance. Employees, including executive officers that are employed in the United States, are eligible to participate in a company-sponsored 401(k) defined contribution plan.

The Compensation Committee believes that these benefits are necessary and appropriate in order to attract and retain qualified executive officers insofar as these benefits are generally made available by similarly situated companies.

Executive Perquisites

We provide our NEOs with certain perquisites that have historically been provided. These perquisites include the use of company owned or leased cars and reimbursement of car-related expenses, payment of excess life insurance premiums for our CEO and accident insurance premiums for Mr. Mauser, relocation expenses in the event an executive officer is asked to relocate at our request, reimbursement of spouse travel expenses where spouses are invited to company events, reimbursement of legal fees and rent for temporary housing.

The Compensation Committee has determined it is appropriate to provide these perquisites in order to attract and retain our NEOs by offering compensation opportunities that are competitive with those offered by similarly situated public companies. In determining the total compensation payable to our NEOs, the Compensation Committee considers perquisites in the context of the total compensation which our NEOs are eligible to receive, but is not materially influenced by the availability of these perquisites given the relatively minimal total amount of the perquisites provided. Perquisites are reviewed regularly in order to confirm continued relevance and competitiveness in the market. For a description of the perquisites received by our NEOs during fiscal year 2015, see the information below under the caption Executive Compensation Summary Compensation Table All Other Compensation.

Clawback Policy

Based on the Compensation Committee s recommendation and authorization, we adopted a new policy in fiscal year 2013 addressing the adjustment or recovery of awards or payments if the relevant performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment. This policy, also known as a clawback policy, applies to all of our executive officers, including the NEOs. Under the policy, we may recover any incentive compensation paid to a current or former executive officer of our company 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. If the Board determines that any current or former executive officer has engaged in fraud or intentional misconduct that caused the error that, directly or indirectly, resulted in the financial restatement, the Board may require reimbursement of all compensation granted, earned or paid under annual incentive and long-term incentive compensation plans, including cancellation of outstanding equity awards. We have not required any NEO to return any award or repay any payment received in any fiscal year.

Insider Trading (Anti-Hedging) Policy

Our company has an insider trading policy, which includes an anti-hedging policy to ensure the desired stockholder alignment. The policy prohibits our directors and employees from trading in options, puts or similar instruments on our company s securities or selling our company s securities short.

Stock Ownership Guidelines and Holding Requirements

The Board approved and adopted amended executive stock ownership guidelines in fiscal year 2011 and further amended them in fiscal year 2013. These guidelines encourage our executive officers to hold ownership in our company, recognizing that stock ownership directly aligns executive interests to those of our stockholders. The guidelines encourage ownership levels in our Common Stock generally equal to a multiple of each NEO s annual base salary depending on such executive s level within our company, and increases with greater responsibility. The executive officer stock ownership guidelines are as follows:

- six times base salary for the CEO (increased from five times base salary in fiscal year 2013); and

- three times base salary for all other executive committee members, including our NEOs.

Our company s executive officers were expected to comply by December 21, 2013, or within five years of being appointed as an executive committee member of our company (Ownership Compliance Date). In the event that an executive officer does not satisfy the ownership guidelines by the Ownership Compliance Date, he or she will be required to retain any and all vested RSU shares, net of shares withheld for taxes, or shares received upon the exercise of stock options, net of shares withheld to cover taxes or the exercise price, until such time as he or she becomes compliant with these guidelines.

Internal Revenue Code Section 162(m)

As applicable to our company, Section 162(m) of the Internal Revenue Code of 1986 (the Code) provides that compensation in excess of $1 million paid to the chief executive officer or to any of the other three most highly compensated executive officers (not including the chief financial officer) of a public company is not deductible for federal income tax purposes. There is an exception to this limitation for performance-based compensation under Section 162(m) of the Code. Bonus awards under our key executive officers bonus plan and option grants and certain other awards under our equity incentive plans are intended to qualify as performance-based compensation under Section 162(m) of the Code. The Compensation Committee reviews on an annual basis the potential impact of this deduction limitation on executive compensation and intends to continue to evaluate our company s potential exposure to this deduction limitation. While we endeavor to use this exception to maximize the deductibility of our compensation, in order to maintain flexibility in compensating executives and to attract necessary leadership in certain circumstances, we have not adopted a policy that all compensation must be deductible. We do not believe that such a policy is in the best interests of our company or our stockholders.

Compensation Risk Assessment

The Compensation Committee does not believe that any risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on our company. The Compensation Committee considered various factors that have the effect of mitigating risk and, with the assistance of ClearBridge, reviewed our compensation policies and practices for our employees, including the elements of our executive compensation programs, to determine whether any portion of such compensation encourages excessive risk taking. The Compensation Committee concluded that any such risks are mitigated by:

Balanced Mix of Pay Components: Compensation is not overly weighted toward annual incentive awards and represents a balance of cash and long-term equity based compensation vesting over three years.

Balanced Approach to Performance-Based Awards: Performance targets are tied to several financial metrics, including sales growth, operating profit, free cash flow, and return on invested capital.

Performance Period and Vesting Schedules: The performance period and vesting schedules for long-term incentives overlap and, therefore, reduce the motivation to maximize performance in any one period. Performance RSUs vest three years from the grant date.

Stock Ownership Guidelines: Requires our CEO to directly or indirectly own equity in our company having a fair market value of six times his salary and other executive officers, including our NEOs, to own equity having a fair market value of three times their salary.

COMPENSATION AND OPTION COMMITTEE REPORT

The Compensation and Option Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on that review and discussion, the Compensation and Option Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015.

This report is submitted by the members of the Compensation and Option Committee.

Members of the Compensation and Option Committee

Edward H. Meyer (Chairman)

Adriane M. Brown

Abraham N. Reichental

Hellene S. Runtagh

Frank S. Sklarsky

Gary G. Steel

The foregoing report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of our company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table discloses all compensation earned for fiscal year 2015, fiscal year 2014 and fiscal year 2013 by our Chairman, Chief Executive Officer and President, our former and current Chief Financial Officers, and the three other most highly paid executive officers who were employed by us as of June 30, 2015. We refer to these individuals as our named executive officers or NEOs.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Non-Equity Incentive Plan Compensation(2)	Change in Pension and Nonqualified Deferred Compensation(3)	All Other Compensation(4)	Total
Dinesh C. Paliwal	2015	$ 1,222,432	0	$ 5,480,550	$ 3,614,195	$ 3,560,694	$ 89,292	$ 13,967,163
Chairman, CEO and	2014	1,193,513	0	5,748,594	3,580,539	1,358,545	84,330	11,965,521
President	2013	1,216,465	0	5,325,658	0	2,110,951	110,337	8,763,411
Sandra E. Rowland, Executive Vice President and Chief Financial Officer	2015	429,231	0	1,255,148	615,778		23,083	2,323,240
Herbert K. Parker,	2015	560,000		1,202,379	790,155		33,835	2,586,369
Executive Vice President,	2014	560,000	0	1,393,876	840,000		34,657	2,828,533
Operational Excellence(5)	2013	565,086	0	1,108,117	0		34,507	1,707,710
Blake Augsburger,	2015	489,308		1,092,939	511,065	360,896	32,405	2,486,613
Executive Vice President and	2014	484,500	0	1,140,379	660,142	225,942	30,570	2,541,533
President Professional Solutions Division	2013	461,477	0	886,453	0	69,195	30,107	1,447,232
Michael Mauser,	2015	473,238	0	1,202,379	615,933	139,530	36,940	2,468,020
Executive Vice President and	2014	518,990	0	1,267,129	549,879	310,098	43,596	2,689,692
President Lifestyle Audio Division(6)	2013	492,539	0	1,019,491	0	78,480	42,430	1,632,940
Todd Suko Executive Vice President and General Counsel	2015	450,500	0	874,419	659,115		26,967	2,011,001

(1) For all stock awards (other than the Performance RSUs), we calculated the fair value of such stock awards under FASB ASC Topic 718 by multiplying the closing price of our Common Stock on the date of grant by the number of shares subject to such stock award. We assume zero anticipated forfeitures in connection with valuing such stock awards for purposes of FASB ASC Topic 718. For the Performance RSUs, we estimated fair value based on a model that considers the closing price of our Common Stock on the date of grant, the number of shares subject to such stock award, and the estimated probabilities of vesting outcomes. For a description of the assumptions used in determining the fair value of equity awards under FASB ASC Topic 718, 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, 2015. The following amounts represent the maximum potential Performance RSU value by individual for the awards made in fiscal year 2015: Mr. Paliwal $5,862,264; Ms. Rowland $1,221,805; Mr. Parker $1,298,358; Mr. Augsburger $1,180,223; Mr. Mauser $1,298,358; and Mr. Suko $944,178.

(2) The amount reflected in this column represents an award under the 2014 Key Executive Officers Bonus Plan (the 2014 Key Executive Plan) for fiscal years 2015 and 2014 and the 2008 Key Executive Officers Bonus Plan for fiscal year 2013.

(3) For Mr. Paliwal, the amount representing the change in pension and non-qualified deferred compensation is attributable to benefits accrual (due primarily to an increase in pensionable earnings), passage of time (age) and a change in assumptions (primarily the mortality table).

(4) Includes compensation as described under the caption All Other Compensation below.

(5) Mr. Parker served as our company s Executive Vice President and Chief Financial Officer from June 2008 until January 1, 2015.

(6) Mr. Mauser s compensation was paid in Euros and has been translated into U.S. Dollars at the exchange rate in effect on June 30, 2015 in the case of bonus payment, and at the average exchange rate for the 12 months ended June 30, 2015 in the case of salary and other compensation amounts.

All Other Compensation

The following table provides information regarding each component of compensation included in the All Other Compensation column in the Summary Compensation Table for fiscal year 2015.

Name	Company 401(k) Contributions(1)	Value of Insurance Premiums(2)	Automobile Related Expenses(3)	Other(4)	Total
Dinesh C. Paliwal	$ 7,950	$ 41,471	$ 29,447	$ 10,424	$ 89,292
Sandra E. Rowland	5,083	0	18,000	0	23,083
Herbert K. Parker	7,950	0	25,885	0	33,835
Blake Augsburger	7,734	0	22,604	2,067	32,405
Michael Mauser	0	154	24,497	12,289	36,940
Todd Suko	8,250	0	18,717		