

HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form DEFA14A
November 14, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount previously paid:

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

- (3) Filing Party:

(4) Date Filed:

This Schedule 14A filing consists of the following communications relating to the proposed acquisition of Harman International Industries, Incorporated (the Company) pursuant to the terms of the Agreement and Plan of Merger, dated as of November 14, 2016, by and among the Company, Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Silk Delaware, Inc.:

1. Letter to Employees from Dinesh C. Paliwal, the Company's Chairman, President and Chief Executive Officer
2. FAQ for the Company's Employees
3. Site Leader Presentation, Samsung and HARMAN: A Global Connected Technologies Powerhouse
4. Investor Presentation, Samsung to Acquire Harman: Accelerating Growth in Automotive Technologies
5. Investor Call Transcript
6. Employee Video Transcript

1. Letter to Employees from Dinesh C. Paliwal, the Company's Chairman, President and Chief Executive Officer
Employee Letter

Dear Colleagues

For more than 70 years, HARMAN has maintained a passionate and relentless commitment to delivering the best technologies and solutions for our customers and consumers. We have earned a reputation for being bold – making smart, strategic investments and taking decisive actions to win in the marketplace. With a culture built on innovation, collaboration and speed, we constantly drive transformational changes to elevate experiences for people worldwide.

Today, we are once again revolutionizing our industry. Moments ago, we announced that HARMAN will be acquired by Samsung Electronics, one of the most innovative and admired companies in the world. This transaction will combine Samsung's expertise in connected mobility, semiconductors, user experience and displays with HARMAN's unparalleled connected car infotainment, telematics, OTA, cybersecurity, audio, sound management systems and software services expertise to create what we believe will be the world's most comprehensive connected technologies company.

Our companies share a culture of speed, innovation and technology. Both Samsung and HARMAN believe that this transaction is an incredible strategic fit that will maximize the complementary strengths we each bring, including talent, experience, networks and technologies. HARMAN will also gain access to Samsung's unparalleled global scale, R&D capabilities and distribution channels, enabling us to accelerate innovation across all four of our businesses and drive faster, greater growth in the automotive, consumer, and enterprise and entertainment markets. I am also excited about the enormous professional growth opportunities that will open up for you as HARMAN becomes part of a larger, more diversified company.

Building on that point, Samsung has a very strong appreciation for HARMAN's employees, knowledge, capabilities and iconic brands and plans to retain our workforce, headquarters, facilities and all of our brands. There is very little overlap between the two companies and so Samsung will look to us to maintain our upward momentum and continue to execute on our strategic priorities. To ensure we continue to leverage HARMAN's talent and assets, following the close of the transaction, I will lead HARMAN as a new Samsung standalone subsidiary along with the HARMAN leadership team, and we will continue to be based in Stamford.

As with any transaction of this size, there are a number of steps that need to be taken before the combination is completed. Subject to customary closing conditions, we expect the transaction to close in mid-2017, and until then, HARMAN and Samsung will remain separate companies. In short, it is business as usual, and it is important that we all stay focused on achieving the business at hand.

I recognize that you may have questions about this announcement. As a start, please see the attached FAQs. In addition, I will host an all-employee call later today at 11:00 AM ET for our teams in the U.S. and Europe and a call for our Asia employees tonight at 10:30 PM ET. Invitations to the calls will follow.

As always, communications will be a top priority throughout the process and continuing through the integration. While there will be many important details to work through, the management team and I will provide updates along the way to keep you informed.

On behalf of the HARMAN Board of Directors and senior leadership team, **thank you** for your hard work that has made this exciting transaction possible. Today, we take a tremendous step forward in creating a connected

technologies global powerhouse that will allow us to continue exceeding the high expectations we've set for ourselves and for our customers around the world. We have blazed trails throughout our history and we're doing it again!

All the best,

Dinesh

Additional Information and Where to Find It

In connection with the proposed transaction, HARMAN will file with the Securities and Exchange Commission (the SEC) and mail or otherwise provide to its stockholders a proxy statement regarding the proposed transaction. BEFORE MAKING ANY VOTING DECISION, HARMAN'S STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT IN ITS ENTIRETY WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. HARMAN investors and security holders may obtain a free copy of the proxy statement and other documents that HARMAN files with the SEC (when available) from the SEC's website at www.sec.gov and the Investors section of www.HARMAN.com. In addition, the proxy statement and other documents filed by HARMAN with the SEC (when available) may be obtained from HARMAN free of charge by writing to HARMAN International Industries, Incorporated, Attention: Corporate Secretary, 400 Atlantic Street, Suite 1500, Stamford, Connecticut 06901, or by calling (203) 328-3500.

Participants in the Solicitation

HARMAN and its directors, executive officers and employees may be deemed, under SEC rules, to be participants in the solicitation of proxies from HARMAN's stockholders with respect to the proposed transaction. Security holders may obtain information regarding the names, affiliations and interests of such individuals in HARMAN's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, filed with the SEC on August 11, 2016, and its definitive proxy statement for the 2016 annual meeting of stockholders, filed with the SEC on October 25, 2016. Additional information regarding the interests of such individuals in the proposed transaction will be included in the proxy statement relating to the proposed transaction when it is filed with the SEC. These documents may be obtained free of charge from the SEC's website at www.sec.gov and the Investors section of www.HARMAN.com.

Forward-Looking Statements

Statements about the expected timing, completion and effects of the proposed transaction and all other statements in this communication, other than historical facts, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. HARMAN may be subject to certain risks during the pendency of the transaction, and may not be able to complete the proposed transaction on the terms described herein or other acceptable terms or at all because of a number of factors, including without limitation (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, (2) the failure to obtain the requisite approval of HARMAN's stockholders or the failure to satisfy the other closing conditions, (3) risks related to disruption of management's attention from HARMAN's ongoing business operations due to the pending transaction and (4) the effect of the announcement of the pending transaction on the ability of HARMAN to retain and hire key personnel, maintain relationships with its customers and suppliers, and maintain its operating results and business generally.

Actual results may differ materially from those indicated by such forward-looking statements. In addition, the forward-looking statements represent HARMAN's and SAMSUNG's views as of the date on which such statements were made. HARMAN and SAMSUNG anticipate that subsequent events and

developments may cause their respective views to change. However, although HARMAN and SAMSUNG may elect to update these forward-looking statements at some point in the future, each specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the views of HARMAN or SAMSUNG as of any date subsequent to the date hereof. Additional factors that may affect the business or financial results of HARMAN are described in the risk factors included in HARMAN filings with the SEC, including HARMAN's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, which risk factors are incorporated herein by reference.

2. *FAQ for the Company's Employees* **Employee FAQ**

1. What was announced today?

Today we announced a definitive agreement under which HARMAN will be acquired by Samsung, one of the most innovative and admired companies in the world.

With this transaction, we will leverage the strengths of both companies to create what we believe will be the most comprehensive connected technologies company in the world.

We expect this transaction will accelerate innovation across all four of HARMAN's businesses and drive faster, greater growth in the automotive, consumer, and professional markets.

We are also excited about the many career development and advancement opportunities this transaction will create for HARMAN employees as we become part of a larger, more diversified company.

2. Why is HARMAN combining with Samsung? What are the benefits of the transaction?

Samsung is one of the most innovative and admired companies in the world.

This transaction will combine Samsung's expertise in connected mobility, semiconductors, user experience and displays with HARMAN's unparalleled connected car infotainment, telematics, OTA, cybersecurity, audio, sound management systems and software services expertise to create what we believe will be the world's most comprehensive connected technologies company.

Both companies believe that this transaction represents an incredible strategic fit that will maximize the complementary strengths we each bring including talent, experience, networks and technologies.

We are confident that, with Samsung, we can drive even greater growth and success for our company and our customers.

3. What does this mean for employees?

Samsung has a great appreciation for our employees, knowledge, capabilities and iconic brands and plans to retain our workforce, headquarters, facilities and all of our brands.

This transaction will provide many career development and advancement opportunities for HARMAN employees as we become part of a larger, more diversified company.

Until the transaction is completed, it is business as usual and it is important that we stay focused on executing our strategy to drive value for our shareholders and customers around the world.

This transaction is a testament to your hard work.

4. Will my compensation and benefits be affected as a result of the transaction?

Until the transaction is completed, which we expect to occur in mid-2017, HARMAN and Samsung will remain separate companies and your compensation and benefits continue in the ordinary course.

It is early in this process and details with respect to future compensation and benefits will be communicated to you as they are finalized.

We are committed to keeping you informed.

5. Will there be new opportunities in terms of jobs and relocation? Will I be asked to relocate? Will I have the opportunity to relocate?

Upon the closing of the transaction, HARMAN will operate as a standalone company led by HARMAN's senior leadership team.

Samsung plans to retain HARMAN's workforce, headquarters, facilities and all of its brands.

Post-closing, we expect many opportunities for career development and advancement for HARMAN employees as part of a larger, more diversified company.

6. Do you expect layoffs as a result of this transaction?

Samsung has a great appreciation for our employees and we believe this transaction will enable professional growth opportunities for HARMAN employees.

Both companies believe that this transaction is an incredible strategic fit that will maximize the complementary strengths of HARMAN and Samsung, including talent and experience.

There is very little overlap between the two companies and Samsung will look to us to maintain our momentum and continue executing on our strategic priorities.

This combination is about driving growth and innovation not cost cutting.

7. What are the plans to integrate HARMAN and Samsung? Who will lead the integration process?

We have only just announced this exciting combination, and there are still many decisions to be made.

Until the transaction closes, HARMAN and Samsung remain separate companies. During this period, do not initiate collaborations with or respond to requests for information from Samsung.

We expect to form an integration team, comprising representatives from both organizations, to plan for the combination upon the closing.

We will share additional details with you as they become available. Both companies are committed to a smooth transition as we work to become part of Samsung, including a seamless transition for our employees.

8. Who will lead the company? What will happen to the HARMAN management team?

Upon the closing, HARMAN will operate as a standalone company led by HARMAN's senior leadership team.

Samsung plans to retain HARMAN's workforce, headquarters and facilities, as well as all of its brands.

9. What will happen to the HARMAN brands?

Samsung appreciates the strength of HARMAN's brand portfolio.

Samsung plans to retain all of HARMAN's brands and operate HARMAN as a standalone subsidiary of Samsung.

10. Will this announcement have an immediate impact on day-to-day operations at HARMAN?

It is business as usual and it is important that we stay focused on achieving the business at hand.

Both companies are committed to a smooth transition as we work to become part of Samsung, including a seamless transition for our employees, customers and business partners.

11. What will happen to HARMAN's headquarters? Facilities?

Samsung plans to retain HARMAN's workforce, headquarters, facilities and all of its brands.

12. What does this mean for our customers?

This should be exciting for our customers. By combining with Samsung, HARMAN will have access to Samsung's unparalleled global scale, R&D capabilities and distribution channels.

We expect this to enable us to accelerate innovation across all four of our businesses and drive faster, greater growth in the automotive, consumer, and professional markets.

Particularly in automotive, this combination enhances our end-to-end solutions for our customers.

13. What should I say if a customer or business partner asks me about the transaction?

You should tell them that this transaction will unite two innovative companies with a shared commitment to serving customers.

With Samsung, we will accelerate our mission of designing and engineering exciting new connected products and solutions.

As part of a larger, more diversified company, we will be able to achieve new levels of growth, innovation and service.

Until the transaction closes, it remains business as usual at HARMAN.

14. What do I do if I am contacted by a member of the press about the transaction?

Consistent with HARMAN's policy, if you receive any external inquiries from shareholders, analysts or media, please forward them immediately to Darrin Shewchuk at darrin.shewchuk@harman.com / 203.328.3834.

15. When will I receive additional information on the transaction and from whom?

While there will be many important details to work through, the management team will provide updates along the way to keep you informed.

We encourage you to reach out to your managers with any questions you may have.

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3. Site Leader Presentation, Samsung and HARMAN: A Global Connected Technologies Powerhouse

4. *Investor Presentation, Samsung to Acquire Harman: Accelerating Growth in Automotive Technologies*

5. Investor Call Transcript

CORPORATE PARTICIPANTS

David Steel *Samsung Electronics Limited - EVP and Head of Global Communications*

Young Sohn *Samsung Electronics Limited - President and Chief Strategy Officer*

Dinesh Paliwal *Harman International Industries - Chairman, President and CEO*

CONFERENCE CALL PARTICIPANTS

Dohoon Lee *CIMB Investment Bank - Analyst*

Peter Yu *BNP Paribas Group - Analyst*

David Lim *Wells Fargo Securities - Analyst*

Daniel Kim *Macquarie Research - Analyst*

Marcus Shin *Goldman Sachs - Analyst*

Brian Johnson *Barclays - Analyst*

Peter Lee *NH Investment & Securities - Analyst*

Adam Jonas *Morgan Stanley - Analyst*

Joseph Spak *RBC Capital Markets - Analyst*

Matt Stover *Susquehanna International Group - Analyst*

PRESENTATION

Operator

Hello. We d like to welcome you to Samsung/Harman conference call. (Operator Instructions).

I will now turn the call over to Mr. David Steel, Executive Vice President and Head of Global Communications for Samsung Electronics. Mr. Steel, please go ahead.

David Steel - Samsung Electronics Limited - EVP and Head of Global Communications

Thank you. Welcome to today's call about Samsung's acquisition of Harman International Industries. The call will be hosted by Samsung Electronics' President and Chief Strategy Officer, Young Sohn; and Harman's Chairman, President, and CEO, Dinesh Paliwal.

Let us start on slide 2 by noting that this conference call will include certain forward-looking statements, as defined under US security laws, with respect to Samsung's agreement to acquire Harman.

Any forward-looking statement speaks only as of the date on which such statement is made and neither Samsung nor Harman undertakes any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

A full declaration regarding forward-looking statements, and additional legal information, are available at the beginning of the accompanying presentation and should be read in conjunction with the call.

We really appreciate that all of you could join the call on such short notice.

So, with that, I'd like to turn it over to our President and Chief Strategy Officer, Young Sohn.

Young Sohn - Samsung Electronics Limited - President and Chief Strategy Officer

Good morning. Thank you for joining us. This is very exciting moment for us.

Turning to slide 3, let me start by sharing our vision for the future of connected cars. This is a key focus of Samsung's long-term strategy: the car of tomorrow will be transformed by smart technology and connectivity in the same way simpler feature phones have become sophisticated smart devices over the past decade.

Drivers are increasingly demanding a better in-car experience, as well as broader range of connected services. In response, OEMs are looking to accelerate the implementation of smart, integrated technology and services to meet that demand.

We believe this market opportunity will be worth over \$100 billion a year, by 2025.

We estimate the percentage of connected cars will more than double in the next 10 years to nearly 90%, and electronic content will increase from 29% to 38% of car's value.

The potential is clear, but the challenge is how best to enter this market. We have been studying the automotive market for some time. We conclude that organic growth will not get us where we want to go fast enough.

By acquiring Harman, which is a market leader, we'll immediately achieve critical mass. Together, we can help OEMs serve their customers even better. As part of Samsung, Harman can become a unique tier 1 player, able to deliver end-to-end connected car solutions.

Now, turning to slide 4, I'm very pleased to be sitting alongside Dinesh today. We are excited to tell you why we believe this combination is an ideal fit that will enable us to drive real value for our customers, employees, and shareholders.

Harman has a track record of innovation and superb reputation for excellence among its customers. It also has a market-leading technology, iconic audiograms, and a world-class management team. The pairing of Samsung's mobile technology, semi-conductors, and displays will enhance Harman's automotive and connected service businesses.

Leveraging Harman's position as tier 1, automotive player will create substantial growth opportunities, and deliver benefits for customers.

In addition to a big automotive opportunity, we are excited to combine our respective audio and video expertise. This will enable us to enhance offerings for both consumers and professional end markets.

Long-term relationships are vital to success in the auto business. This is why we are so pleased that Dinesh and his management team will continue to work with us in this new field in this business.

Harman will operate as a wholly owned subsidiary of Samsung. We expect no change in its headquarters, facilities, workforce, or brands.

On slide 5, let me say a few words about Samsung's long-term strategy.

We have been focused for some time on this attractive market. Last December, we set up an automotive electronics team to explore opportunities in the automotive technology space. We have made 15 venture investments in exciting innovative start-ups.

After assessing the market opportunity, we determined that the best way to accelerate our growth was by partnering with a leading tier 1 player. Harman is a market leader, and also like-minded partner. We both seek exciting new opportunities in the car and a potential for seamless connected lifestyle across automotive, home, mobile, and work.

This transaction will give us a strong position in a large and rapidly growing market. Together,