

HARMAN INTERNATIONAL INDUSTRIES INC /DE/  
Form SC 13D  
April 08, 2009

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

**SCHEDULE 13D**

**Under the Securities Exchange Act of 1934  
(Amendment No. )\***

**Harman International Industries, Incorporated**

(Name of Issuer)

**Common Stock, \$0.01 par value**

(Title of Class of Securities)

**413086109**

(CUSIP Number)

**Ralph V. Whitworth**

**Relational Investors, LLC**

**12400 High Bluff Drive, Suite 600**

**San Diego, CA 92130**

**(858) 704-3333**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**March 30, 2009**

(Date of Event Which Requires Filing of this Statement)

## Edgar Filing: HARMAN INTERNATIONAL INDUSTRIES INC /DE/ - Form SC 13D

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 91529Y106

1. Names of Reporting Persons.  
  
I.R.S. Identification Nos. of Above Persons (Entities Only)  
Relational Investors, LLC
  2. Check the Appropriate Box if a Member of a Group (See Instructions)
 

(a)	x
(b)	o
  3. SEC Use Only
  4. Source of Funds (See Instructions)  
OO
  5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) o
  6. Citizenship or Place of Organization  
Delaware
- |     |                          |           |
|-----|--------------------------|-----------|
| 7.  | Sole Voting Power        | 4,700,000 |
| 8.  | Shared Voting Power      | -0-       |
| 9.  | Sole Dispositive Power   | 4,700,000 |
| 10. | Shared Dispositive Power | -0-       |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
4,700,000
  12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) o
  13. Percent of Class Represented by Amount in Row (11)  
8.02%
  14. Type of Reporting Person (See Instructions)  
IA/HC/OO

Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

1. Names of Reporting Persons.

I.R.S. Identification Nos. of Above Persons (Entities Only)  
 Relational Investors Mid-Cap Fund I, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  x  
 (b)  o

3. SEC Use Only

4. Source of Funds (See Instructions)  
 WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  o

6. Citizenship or Place of Organization  
 Delaware

Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With

7. Sole Voting Power  
 2,350,000

8. Shared Voting Power  
 -0-

9. Sole Dispositive Power  
 2,350,000

10. Shared Dispositive Power  
 -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
 2,350,000

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)  o

13. Percent of Class Represented by Amount in Row (11)  
 4.01%

14. Type of Reporting Person (See Instructions)  
 PN

1. Names of Reporting Persons.

I.R.S. Identification Nos. of Above Persons (Entities Only)  
 Relational Investors Mid-Cap Fund II, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  x  
 (b)  o

3. SEC Use Only

4. Source of Funds (See Instructions)  
 WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  o

6. Citizenship or Place of Organization  
 Delaware

Number of  
 Shares  
 Beneficially  
 Owned by  
 Each  
 Reporting  
 Person With

7. Sole Voting Power  
 2,350,000

8. Shared Voting Power  
 -0-

9. Sole Dispositive Power  
 2,350,000

10. Shared Dispositive Power  
 -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
 2,350,000

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)  o

13. Percent of Class Represented by Amount in Row (11)  
 4.01%

14. Type of Reporting Person (See Instructions)  
 PN

1. Names of Reporting Persons.  
  
I.R.S. Identification Nos. of Above Persons (Entities Only)  
Ralph V. Whitworth
  2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)  x  
(b)  o
  3. SEC Use Only
  4. Source of Funds (See Instructions)  
NA
  5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  o
  6. Citizenship or Place of Organization  
United States
- |   |     |                                       |
|---|-----|---------------------------------------|
|   | 7.  | Sole Voting Power<br>-0-              |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 8.  | Shared Voting Power<br>4,700,000      |
|   | 9.  | Sole Dispositive Power<br>-0-         |
|   | 10. | Shared Dispositive Power<br>4,700,000 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
4,700,000
  12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)  o
  13. Percent of Class Represented by Amount in Row (11)  
8.02%
  14. Type of Reporting Person (See Instructions)  
IN

1. Names of Reporting Persons.  
  
I.R.S. Identification Nos. of Above Persons (Entities Only)  
David H. Batchelder
  2. Check the Appropriate Box if a Member of a Group (See Instructions)
 

(a)	<input checked="" type="checkbox"/>
(b)	<input type="checkbox"/>
  3. SEC Use Only
  4. Source of Funds (See Instructions)  
NA
  5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
  6. Citizenship or Place of Organization  
United States
- |   |     |                                       |
|---|-----|---------------------------------------|
|   | 7.  | Sole Voting Power<br>-0-              |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 8.  | Shared Voting Power<br>4,700,000      |
|   | 9.  | Sole Dispositive Power<br>-0-         |
|   | 10. | Shared Dispositive Power<br>4,700,000 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
4,700,000
  12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
  13. Percent of Class Represented by Amount in Row (11)  
8.02%
  14. Type of Reporting Person (See Instructions)  
IN

**Item 1. Security and Issuer**

This statement on Schedule 13D (this **Statement** ) relates to the common stock, \$0.01 par value (the **Shares** ), of Harman International Industries, Incorporated, a Delaware corporation (the **Issuer** or the **Company** ). The Issuer's principal executive offices are located at 400 Atlantic Street, Suite 1500 Stamford, CT 06901.

**Item 2. Identity and Background**

This Statement is being filed by Relational Investors Mid-Cap Fund I, L.P. ( **MC I** ) and Relational Investors Mid-Cap Fund II, L.P. ( **MC II** ), collectively, the **Relational LPs**. Each of the Relational LPs is a Delaware limited partnership. The principal business of each is securities investment.

This Statement is also being filed by Relational Investors, LLC ( **RILLC** ), a Delaware limited liability company. The principal business of RILLC is being the sole general partner, of the Relational LPs. The Relational LPs are the beneficial owners of the securities covered by this Statement. Pursuant to the Limited Partnership Agreement of each of the Relational LPs RILLC has sole investment discretion and voting authority with respect to the securities covered by this Statement.

This Statement is also being filed by Ralph V. Whitworth and David H. Batchelder. Messrs. Whitworth and Batchelder are the Principals of RILLC, in which capacity they share voting control and dispositive power over the securities covered by this Statement. As such, Messrs. Whitworth and Batchelder may be deemed to have shared indirect beneficial ownership of such securities, but, each of Mr. Whitworth and Mr. Batchelder disclaim beneficial ownership of the Shares except to the extent of his pecuniary interest therein. The present principal occupation of each of Messrs. Whitworth and Batchelder is serving as Principals of RILLC (Messrs. Whitworth and Batchelder, together with Relational LPs and RILLC, hereinafter, the **Reporting Persons** ).

During the last five years, none of the Reporting Persons has been (i) convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, and as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

The business address of each of the Reporting Persons is 12400 High Bluff Drive, Suite 600, San Diego, CA 92130.

Messrs. Whitworth and Batchelder are citizens of the United States.



**Item 3.**

**Source and Amount of Funds or Other Consideration**

The Relational LPs purchased an aggregate of 4,700,000 Shares for total consideration (including brokerage commissions) of \$66.0 million derived from the working capital of the Relational LPs.

**Item 4.**

**Purpose of Transaction**

The Reporting Persons acquired the Shares covered by this Statement because, in their opinion, such Shares are presently undervalued by the market.

The Reporting Persons believe that several major factors have contributed to the Shares' undervaluation and underperformance, including prior management's history of: (i) failing to optimize the Company's cost structure for manufacturing and engineering, (ii) entering into uneconomic contracts with certain customers, (iii) poor operating results and (iv) poor forecasting and investor communications. The Reporting Persons also recognize that the Company's equity valuation is further depressed by the ongoing negative trends in global economic activity including, in particular, the global automotive industry.

The Reporting Persons believe the STEP Change restructuring plan initiated by the Company's current management is well designed to correct the structural and operating factors mentioned above. Recent meetings between representatives of the Reporting Persons and the Company's executive management have increased the Reporting Persons' confidence that the Company can execute the STEP Change plan and achieve its Fiscal 2009, 2010 and 2011 restructuring targets. On March 26, 2009 the Reporting Persons presented their views and concerns regarding (i) long-term capital allocation disciplines, (ii) board composition, (iii) executive compensation and (iv) investor communications to a subset of the Company's board. At this time, the Reporting Persons believe the board is well-informed and properly overseeing management and the strategic direction of the Company. The reporting persons believe, however, that executive management compensation, including equity based incentives, should be better aligned with the interests of shareholders. The reporting persons also believe that the Company's investor communications should be improved to achieve more clarity and consistency, in particular with respect to implementation of the STEP Change program.

While the Reporting Persons have gained confidence in the Company's board and management and their ability to maximize shareholder value going forward, given the Company's performance over the past 18 months and the challenges presented by industry conditions, the Reporting Persons believe the Company's board will have to consider broad strategic alternatives if the Company's STEP Change restructuring targets are not met or if their achievement becomes unlikely. The Reporting Persons intend to closely monitor management's progress toward achieving the STEP Change restructuring targets. Depending on the rate of such progress, the Reporting Persons may modify their plans.

The Reporting Persons and their representatives and advisers intend to continue from time to time to discuss the Company and its performance with members of the Company's board and management. In addition, the Reporting Persons and their representatives and advisers may communicate with other shareholders, industry participants and other interested parties concerning the Company. Although the Reporting Persons do not have any current plans other than the monitoring and communication program outlined above, the Reporting Persons may in the future exercise any and all of their respective rights as shareholders of the Company in a manner consistent with their equity interests, including seeking representation on the Company's board of directors.

The Reporting Persons may from time-to-time (i) acquire additional Shares (subject to availability at prices deemed favorable) in the open market, in privately negotiated transactions or otherwise, or (ii) dispose of Shares at prices deemed favorable in the open market, in privately negotiated transactions or otherwise. The Reporting Persons may formulate plans or proposals for, and may from time to time explore, or make proposals relating to, transactions or actions which relate to or would result in any of the matters specified in clauses (a) through (j) of Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer**

(a) As of the date of this Statement, the Reporting Persons beneficially own in the aggregate 4,700,000 Shares, constituting approximately 8.02% of the outstanding Shares. The percentage of Shares owned is based upon 58,573,699 Shares reported to be outstanding on January 31, 2009, as set forth in the Issuer's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008. The Reporting Persons may be deemed to have direct beneficial ownership of the Shares as follows:

NAME	NUMBER OF SHARES	% OF OUTSTANDING SHARES	VOTING AND DISPOSITIVE POWER
MC I	2,350,000	4.01%	Sole
MC II	2,350,000	4.01%	Sole

RILLC, as the sole general partner, of each of Relational LPs may be deemed to beneficially own (as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) the 4,700,000 Shares beneficially owned by the Relational LPs because the limited partnership agreements of the Relational LPs specify that RILLC has sole investment discretion and voting authority with respect to those Shares.

Each of Messrs. Whitworth and Batchelder, as Principals of RILLC, may be deemed to share indirect beneficial ownership of the Shares which RILLC may beneficially own. Each of Messrs. Whitworth and Batchelder disclaims beneficial ownership of such Shares except to the extent of his pecuniary interest therein.

To the best of the knowledge of each of the Reporting Persons, other than as set forth above, none of the persons named in Item 2 is the beneficial owner of any Shares.

- (b) See item (a) above.
- (c) Information concerning transactions in the Shares by the Reporting Persons during the past 60 days is set forth in Exhibit A filed with this Statement.
- (d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares covered by this Statement, except that dividends from, and proceeds from the sale of, the Shares held by accounts managed by RILLC may be delivered to such accounts.
- (e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

Except for the joint filing agreement between and among the Reporting Persons attached hereto as Exhibit B, and except for the investment discretion and voting authority described in Item 2 of this Statement and in the respective partnership agreements of the Relational LPs which each contain provisions whereby RILLC may, after certain adjustments, receive a percentage of realized or unrealized profits, if any, derived from that partnership's investments, to the best of the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Reporting Persons or between the Reporting Persons and any other person with respect to any securities of the Issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

**Item 7. Material to be Filed as Exhibits**

The following Exhibits are filed herewith:

- Exhibit A Information concerning transactions in the Shares affected by the Reporting Persons in the last 60 days.
- Exhibit B Joint Filing Agreement.

**Signature**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 8, 2009

RELATIONAL INVESTORS MID-CAP FUND I, L.P.  
RELATIONAL INVESTORS MID-CAP FUND II, L.P.

By: RELATIONAL INVESTORS, LLC  
as general partner to each,

By: */s/ Ralph V. Whitworth*  
Ralph V. Whitworth, Principal

RELATIONAL INVESTORS, LLC

By: */s/ Ralph V. Whitworth*  
Ralph V. Whitworth, Principal

*/s/ Ralph V. Whitworth*  
Ralph V. Whitworth

*/s/ David H. Batchelder*  
David H. Batchelder

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
<b>A.</b>	Information concerning transactions in the Shares affected by Reporting Persons in the last 60 days.
<b>B.</b>	Joint Filing Agreement