



Harmonic Brings Digital Video and Broadband Networking Leadership to Telco Market; Revenue Generating Video, Voice, and Data Bundles Over Existing Telco Networks Made Viable

October 24, 2001

SUNNYVALE, Calif.--(BUSINESS WIRE)--Oct. 24, 2001--Harmonic Inc. (Nasdaq:HLIT) is bringing their digital video and broadband networking leadership further into the telecommunications market. The Company enables telecommunications service providers to leverage their existing networking infrastructure, including DSL equipment, to offer competitive digital video services in addition to their current portfolio of telephony and Internet access services. By working with Harmonic, telcos around the world may deliver customized revenue-generating video, voice, and data bundles to residential and business customers.

"The telecommunications industry faces increasing competition in the voice and data segments from non-traditional service providers. They are looking for innovative ways to strengthen their customer relationships and increase revenue. Interactive digital video services accomplish both," said Anthony Ley, Chairman, President and Chief Executive Officer of Harmonic. "There are hundreds of millions of DSL-capable telephone lines throughout the world which provide bandwidth sufficient to simultaneously deliver voice, Internet, and interactive video services."

"A recent Yankee Group survey found that 30 percent of all consumers would purchase a voice, video, and data bundle from the 'right' provider. Many consumers identified their local telephone company as one of the providers they would first turn to for this integrated package. Harmonic's digital video headend enables telecommunication service providers to introduce these services today," continued Ley.

Harmonic Powers New Opportunities For DSL

The core of the digital headend is Harmonic's award winning DiviCom(R) digital video encoder which -- based on years of enhancement for satellite, cable, and terrestrial broadcast networks

- has been optimized to deliver low bit-rate, broadcast quality video over IP-based networks. Now, a single DSL connection may deliver television programming concurrently with high-speed Internet access and telephone service.

"Telcos have always been attracted to potential ancillary revenues from television services," said Ryan Jones, Analyst, the Yankee Group. "Only recently, however, have business cases for such deployments become attractive. This change is largely due to advancements in video management and compression, and the high performance of Harmonic's IP video solution places the company in the heart of this revolution."

To complement its own products and services, Harmonic is forging a wide range of technology, product, integration, and distribution partnerships to bring comprehensive carrier-grade interactive video solutions to market. Key partnership areas encompass digital media servers, conditional access systems, video-on-demand software, IP-based set-top boxes, and integration services. Harmonic-based solutions are integral to a number of current interactive digital video trials and production services.

"Our telco customers expect complete carrier-grade solutions," said Ley. "Harmonic's proven, open and scalable, IP-based video solutions enable revenue generating service bundles to be delivered over existing infrastructures while providing room for future business growth."

About Harmonic Inc.

Harmonic is a leading provider of innovative broadband solutions that deliver video, voice and data to communications providers around the world. Harmonic's technically advanced fiber optic, digital video and IP data delivery systems enable network operators to provide a range of interactive and advanced digital services that include high-speed Internet access, telephony, digital video, HDTV, video & audio streaming, and video-on-demand.

Harmonic (Nasdaq:HLIT) is headquartered in Sunnyvale, California with R&D, sales, and system integration centers worldwide. The Company has customers in over 40 countries on six continents, including many of the world's largest communications providers. For more information, visit www.harmonicinc.com.

This press release contains forward-looking statements, including, but not limited to, the delivery of revenue-generating bundled services via a DSL connection, forging of partnerships to bring comprehensive solutions to market, and the ability of Harmonic's solutions to provide room for future business growth, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth in documents that Harmonic files with the SEC, including reports on Form 10-K and 10-Q.

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