



Portugal Telecom Deploys Harmonic's Digital Video Headend for IPTV Service

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Ultra-Low Bit-Rate DiviCom(R) Electra(TM) HD and SD Encoders

Provide High Quality MPEG-4 AVC (H.264) Video Service

AMSTERDAM, Netherlands--(BUSINESS WIRE)--Sept. 6, 2007--Harmonic Inc. (NASDAQ: HLIT) today announced that Portugal Telecom (NYSE: PT), the largest telecommunications service provider in the country with more than 685,000 ADSL subscribers, has deployed Harmonic's market-leading DiviCom(R) Electra(TM) MPEG-4 AVC (H.264) encoders to power its meo nationwide IPTV service. The digital video headend includes the Electra 7000 high definition (HD) encoders and Electra 5400 standard definition (SD) encoders, and was implemented at Portugal Telecom by Novabase/OctalTV, a leading video system integrator in Portugal. The Harmonic solution seamlessly delivers high quality broadcast video including picture-in-picture (PiP) and is a component of the Microsoft(R) MediaRoom(TM) multimedia and IPTV software platform as part of an overall system designed and integrated by Alcatel-Lucent.

IP-centric technologies are making it possible to create a dramatically new experience for the viewer as well as simplifying the video infrastructure for the operator. The new video service based on the latest generation, ultra-efficient Electra encoders will enable Portugal Telecom to provide consumers with a compelling pay TV service alongside their existing voice and data offering. A pioneer in delivering telco IPTV headend solutions, Harmonic has successfully deployed the DiviCom encoders to power more than 38,000 TV channels for telco, satellite and cable operators around the world.

"The DiviCom Electra HD and SD encoders provide superior picture quality for our H.264 video service at ultra-low bit-rates. As a result, we can satisfy consumer demands today and benefit from an infrastructure that also makes it possible to deliver more advanced digital video services," said Alberto Claro, Headend Manager for Portugal Telecom's meo IPTV service.

"High quality HD and SD video delivery is now a critical requirement for telcos to compete with other operators who are expanding their service offerings," said Thierry Fautier, Director of Telco solutions for Harmonic Inc. "Harmonic's encoder technology brings not only a high quality video experience but also enables new services and business advantages such as high quality HD delivered to more subscribers, watch and record DVR capabilities, and a multi-room experience. These capabilities were critical for Portugal Telecom to differentiate from existing offerings in the market."

Novabase and Harmonic have partnered on several projects in Portugal to enable service providers to deliver compelling video services. Harmonic counts more than 40 leading telcos as its video headend customers-- including a significant number of joint Microsoft and Alcatel-Lucent implementations.

About Portugal Telecom

Portugal Telecom is an integrated telecom and multimedia operator with a leading position in its two strategic markets: Portugal, where it offers a full range of voice, video and data services, and Brazil, where it is market leader in mobile. In Internet, PT is the leading broadband provider in Portugal. PT also owns the leading internet portal in Portugal - Sapo. PT is listed on the Euronext Lisbon Stock Exchange and on the New York Stock Exchange. For more information, visit our site <http://www.telecom.pt/>.

About Novabase

Established in 1989, Novabase is the leading Portuguese company in Information Technology business solutions. In 2006, Novabase registered a turnover of 261.5 Million Euros. With an average number of 1477 employees in 2006, Novabase has the following main business areas: Novabase Consulting, Novabase Engineering and Novabase Digital TV. Novabase also has a Corporate Venture area, Novabase Capital.

Novabase has been listed on the Euronext Lisbon stock exchange since July 2000.

Please visit www.novabase.pt for additional information on Novabase.

About Harmonic Inc.

Harmonic Inc. is a leading provider of versatile and high performance video solutions that enable service providers to efficiently deliver the next generation of broadcast and on-demand services including high definition, video-on-demand, network personal video recording and time-shifted TV. Cable, satellite, broadcast and telecom service providers can increase revenues and lower operational expenditures by using Harmonic's digital video, broadband optical access and software solutions to offer consumers the compelling and personalized viewing experience that is driving the business models of the future.

Harmonic (NASDAQ: HLIT) is headquartered in Sunnyvale, California with R&D, sales and system integration centers worldwide. The Company's customers, including many of the world's largest communications providers, deliver services in virtually every country. Visit www.harmonicinc.com for more information.

This press release contains forward-looking statements within the meaning of Section 27(A) of the Securities Act of 1933 and Section 21(E) of the Securities Exchange Act of 1934, including statements related to: enabling Portugal Telecom to provide consumers with a compelling pay TV service.

Our expectations and beliefs regarding these matters may not materialize, and actual results could differ materially from those projected. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in Harmonic's filings with the Securities and Exchange Commission including its recent Reports filed on Form 10-K and Form 10-Q. Harmonic does not undertake to

update any forward-looking statements.

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