

Harmonic Inc

Quarterly Segment Revenue and Operating Income (Unaudited)*

(dollars in thousands)

									Year Ended Dec. 31,		
	FY13 Q1	FY13 Q2	FY13 Q3	FY13 Q4	FY14 Q1	FY14 Q2	FY14 Q3	FY14 Q4	2012	2013	2014
Net revenue:											
Video	\$ 81,531	\$ 101,492	\$ 99,670	\$ 99,301	\$ 81,152	\$ 77,311	\$ 81,360	\$ 86,933	\$ 378,383	\$ 381,994	\$ 326,756
Cable Edge	20,141	15,636	23,248	20,921	26,880	32,278	26,701	20,942	98,488	79,946	106,801
Total consolidated net revenue	<u>\$ 101,672</u>	<u>\$ 117,128</u>	<u>\$ 122,918</u>	<u>\$ 120,222</u>	<u>\$ 108,032</u>	<u>\$ 109,589</u>	<u>\$ 108,061</u>	<u>\$ 107,875</u>	<u>\$ 476,871</u>	<u>\$ 461,940</u>	<u>\$ 433,557</u>
Operating income (loss) - \$:											
Video	\$ (1,334)	\$ 8,563	\$ 6,850	\$ 10,504	\$ 2,435	\$ 382	\$ 6,609	\$ 8,647	\$ 27,565	\$ 24,583	\$ 18,073
Cable Edge	(2,036)	(1,316)	1,887	183	1,044	2,014	120	(1,939)	2,150	(1,282)	1,239
Total segment operating income (loss)	<u>(3,370)</u>	<u>7,247</u>	<u>8,737</u>	<u>10,687</u>	<u>3,479</u>	<u>2,396</u>	<u>6,729</u>	<u>6,708</u>	<u>29,715</u>	<u>23,301</u>	<u>19,312</u>
Operating income (loss) - %:											
Video	(2)%	8%	7%	11%	3%	0%	8%	10%	7%	6%	6%
Cable Edge	(10)%	(8)%	8%	1%	4%	6%	0%	(9)%	2%	(2)%	1%
Total segment operating income (loss)	<u>(3)%</u>	<u>6%</u>	<u>7%</u>	<u>9%</u>	<u>3%</u>	<u>2%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>5%</u>	<u>4%</u>
Less:											
Unallocated corporate expenses*	(565)	(1,057)	(583)	(789)	(228)	(284)	(403)	(2,161)	-	(2,994)	(3,076)
Stock-based compensation	(3,899)	(4,022)	(3,945)	(4,136)	(3,807)	(4,561)	(4,352)	(4,567)	(18,428)	(16,002)	(17,287)
Amortization of intangibles	(7,033)	(6,772)	(6,764)	(6,760)	(6,666)	(6,200)	(5,512)	(2,142)	(29,204)	(27,329)	(20,520)
Income (loss) from operations	<u>(14,867)</u>	<u>(4,604)</u>	<u>(2,555)</u>	<u>(998)</u>	<u>(7,222)</u>	<u>(8,649)</u>	<u>(3,538)</u>	<u>(2,162)</u>	<u>(17,917)</u>	<u>(23,024)</u>	<u>(21,571)</u>
Non-operating income (expense)	(103)	(103)	277	(199)	89	(60)	(214)	(39)	222	(128)	(224)
Loss from continuing operations before income taxes	<u>\$ (14,970)</u>	<u>\$ (4,707)</u>	<u>\$ (2,278)</u>	<u>\$ (1,197)</u>	<u>\$ (7,133)</u>	<u>\$ (8,709)</u>	<u>\$ (3,752)</u>	<u>\$ (2,201)</u>	<u>\$ (17,695)</u>	<u>\$ (23,152)</u>	<u>\$ (21,795)</u>

* unallocated corporate expenses include certain corporate-level operating expenses and charges such as restructuring and asset impairment charges and proxy contest related expenses.