Cable Access Divestiture

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Patrick Harshman, President & CEO
Carolyn Aver, Chief Financial Officer

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Forward Looking Statements

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During the course of this presentation, we may make projections or other forward looking statements regarding future events or the future financial performance of Harmonic, including those identified in our press release, dated February 19, 2013, to which this presentation relates. Such statements are only predictions and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our recent Reports on Form 10-K and 10-Q. These documents identify important risk factors that could cause actual results to differ materially from our projections or forward looking statements.

Transaction Summary

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- Harmonic to sell Cable Access assets to Aurora Networks
  - Purchase price of $46 million in cash
  - Expected to be neutral to EPS in 2013
  - Subject to customary closing conditions
  - Expected to close by the end of the first quarter
- Harmonic will provide customary transition services for up to five months
- Cable Access historical results
  - $50 million to $55million annual revenue business
  - Gross margin approximately 30%
- Selling Cable Access assets to respected market participant
  - Ensures smooth transition of key customer installations

Transaction Rationale

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Strategic

- Enhance focus on largest growth market opportunities
  - CCAP
  - IP Video / Multiscreen
  - HEVC
  - Ultra HD
- Exit business having little strategic synergy with rest of portfolio

Financial

- Focus on higher gross margin product areas
- Drive long-term operating leverage
- Realize attractive valuation

Financial Details

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Revenue impact

- $50 million to $55 million business annually
- (4.4)% CAGR since 2008

Gross Margin impact

- Cable Access gross margin approximately 30% in 2012
- Sale increases gross margin 2% - 3%
- Excluding Cable Access, 2012 gross margin would have been 51.2% (vs. 49.0%)

EPS impact

- Neutral to 2013
- Operating expenses are reduced by approximately $3 million per quarter, beginning in Q2 2013

Balance sheet and share repurchase impact

- Net, after-tax cash proceeds from Cable Access sale of $35 million
- Pro-forma cash balance of $236 million
- Increase share repurchase program by $35 million to $135 million

2012 Net Revenue Mix

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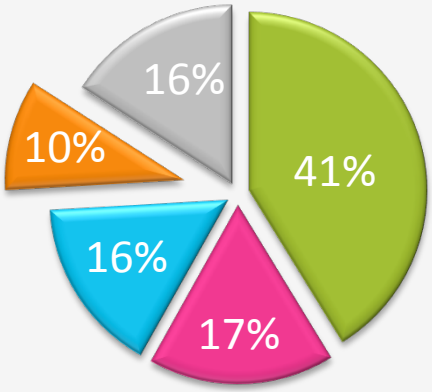
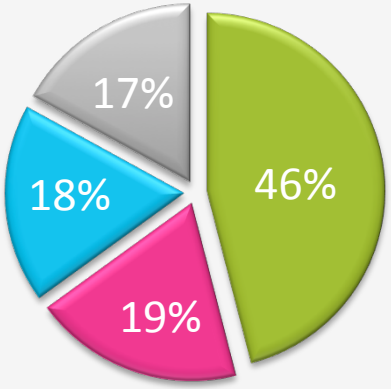
Net Revenue
$530.4M
(with Cable Access)

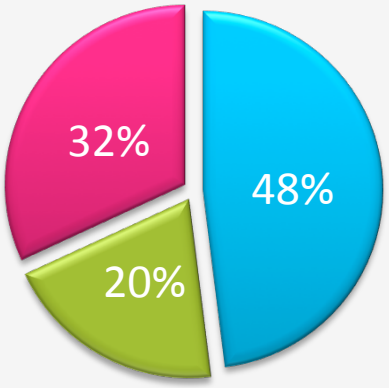
Net Revenue
$477.5M
(without Cable Access)



Products

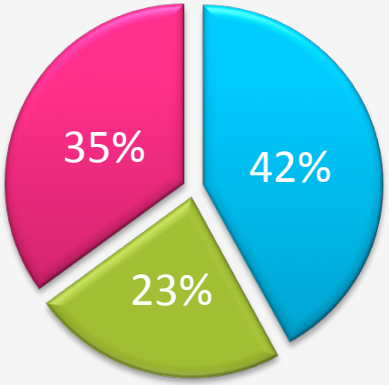
- Video Processing
- Production and Playout
- Edge
- Access
- Services and Support



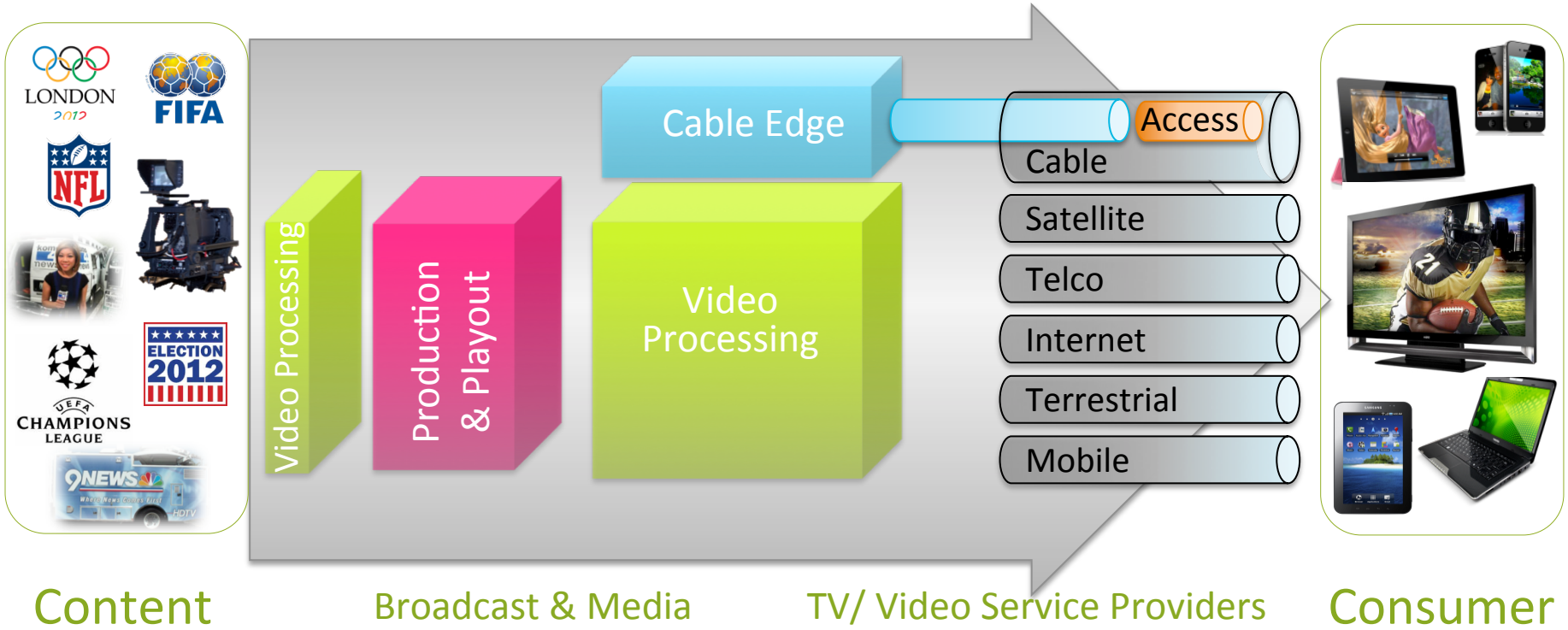


Markets

- Cable
- Satellite and Telco
- Broadcast and Media



Harmonic's Video Solutions



Core Growth Strategy: Three Dimensions

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Video Technology Leadership

New Customers in Media

Global

Emerging Opportunities in Video

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- High quality IP video
  - Multiscreen and OTT delivery support viewing device proliferation
  - Production, play-out, transcoding, and streaming infrastructure upgrades
- Cable's next-gen IP infrastructure (CCAP)
  - Converged QAM and CMTS
- HEVC
  - 50% efficiency gain
  - End-to-end upgrade opportunity
- Ultra HD
  - Key technology at CES
  - Race to first services

2013 Harmonic

Building Shareholder Value

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- Increase focus on growth opportunities
- Accelerate core market share leadership
- Enhance margin profile
- Reduce shares outstanding
- Drive long-term earnings accretion

Updated Q1 Guidance

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	Outlook Issued January 29, 2013	Discontinued Operations Impact	Revised Outlook
Net Revenue	$115M - $125M	$14M - $16M	$100M - $110M
Non-GAAP Gross Margin*	49% - 50%	30%	51.5% - 52.5%
Non-GAAP Operating Expense*	$56M - $57M	$1M - $2M	$54.5M - $55.5M
Tax Rate**	21% - 22%		20% - 21%

*Excludes charges for stock-based compensation and the amortization of intangibles.
**Does not reflect the one-time benefit of 2012 R&D tax credit expected to be $2M - $3M in Q1

With respect to our expectations under outlook and revised outlook above, reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to the charges which are excluded from these non-GAAP measures. The effects of stock-based compensation expense specific to common stock options are directly impacted by unpredictable fluctuations in our stock price. We expect the variability of the above charges to have a significant impact on our GAAP financial results.

Thank You

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