



Harmonic and Capella Selected for North American Interactive Digital TV Over DSL Deployment; SaskTel to Deliver More Than 100 TV Channels Using Harmonic Digital Video Systems

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SUNNYVALE, Calif. & PETERBOROUGH, ON, Canada, Jan 23, 2002 (BUSINESS WIRE) -- Saskatchewan Telecommunications (SaskTel) has selected Harmonic Inc. (Nasdaq:HLIT) and Capella Telecommunications to provide systems and support for powering new interactive digital television services. Using its existing telecommunications infrastructure and Digital Subscriber Line (DSL) for last mile access, SaskTel will deliver more than 100 digital TV channels and audio programming as well as an array of interactive services.

SaskTel, the leading communications company in the Canadian province of Saskatchewan, currently offers wireline, wireless, Internet and e-business solutions over a state-of-the-art digital network. Harmonic's open standards-based DiviCom(R) digital video encoders, IP encapsulators, and network management system form the high performance core of SaskTel's first digital video headend. The headend encodes and manages all of the video streams distributed over the telco network. Capella provided integration services and will deliver ongoing support. The resulting solution will give residents of Saskatchewan access to pay-per-view television, pay audio, high-speed Internet access, e-mail, and locally relevant information over a single DSL connection.

"We are committed to delivering first-rate telecommunications to businesses and consumers across our vast province," said Shelly Smith, General Manager, Digital Interactive Video, SaskTel. "Harmonic and Capella provide the systems and services that allow SaskTel to further solidify its customer relationships and gain a significant competitive advantage without re-architecting or reconstructing our network. Their expertise has streamlined our deployment schedule, enabling us to launch our new services in 2002."

"SaskTel's innovative yet practical approach enhances the return on their existing infrastructure investment while expanding their business potential," said Norm Slater, President of Capella. "The exceptional capabilities of Harmonic's video encoders ensure that SaskTel subscribers will experience superior digital television over DSL service."

"With the implementation of interactive and digital video services, SaskTel extends its 90-year tradition of innovation. This move also highlights the broader and accelerating trend of telephone companies evolving into full-service communication service providers," said Dr. Yaron Simler, President of Harmonic's Convergent Systems Division. "Harmonic's highly efficient, open standards-based digital video systems allow telcos to utilize DSL as a true multi-service transport platform, enabling new business models that increase revenue per subscriber."

Harmonic's digital video systems incorporate advanced compression and superior noise reduction capabilities that maximize the effective bandwidth of existing networks. For the telco market, Harmonic strengthens the capabilities of DSL as a multi-service delivery platform, permitting independent video streams to be simultaneously delivered to several televisions while provisioning Internet and standard telephony services.

About SaskTel

For more than 90 years, SaskTel has delivered first-rate communications products and services to every corner of Saskatchewan, Canada, linking together more than 450,000 customers in 13 cities, 566 smaller communities, and 55,000 farms. SaskTel maintains investments in companies that provide a variety of products and services. Visit SaskTel at www.sasktel.com.

About Capella Telecommunications, Inc.

Capella, Harmonic's distributor in Canada, is a Value Added Reseller providing the telecommunications industry and utilities with support services and products from world-leading manufacturers. Its focus on customer service and tailoring products to meet customers' specific needs has made Capella a leader in the communications industry. Capella stocks a full line of leading edge equipment for fully integrated video, voice and data solutions. Visit Capella at www.capella.ca.

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 by SaskTel of TV and audio programming and interactive services, Capella's ongoing support, access to a variety of services over a single DSL connection, the launch of new services in 2002, the experience of digital television over DSL, and the trend of telephone companies evolving into full-service communications providers, 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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