



Harmonic Introduces Third Generation of Industry Leading VOD Delivery Solution

September 3, 2003

SUNNYVALE, Calif.--(BUSINESS WIRE)--Sept. 3, 2003--

Narrowcast Services Gateway(TM) 9000 Series Increases Performance and Lowers Operational Costs While Offering Unprecedented Flexibility

Harmonic Inc. (Nasdaq: HLIT) today introduced the third generation Narrowcast Services Gateway(TM) (NSG) smart edge devices, the industry leading video-on-demand (VOD) delivery solution. Building on narrowcast technology and expertise accumulated since the NSG was first launched three years ago, Harmonic's new NSG 9000 series will enable cable operators of all sizes to cost-effectively and reliably provision a broad range of narrowcast services--from Everything-on-Demand to HDTV and switched broadcast.

The standards-based NSG 9000 series--encompassing the single rack-unit NSG 9108, 9112 and 9116 models with 8, 12 and 16 output QAM channels, respectively--provides operators greater choice and flexibility in the design and expansion of their narrowcast network infrastructure. By combining NSG units of varying QAM channel density to deliver the appropriate capacity for each service area, multiple system operators (MSOs) can now optimize their network architecture and bandwidth, and thus reduce the effective cost of their infrastructure. The NSG 9000 series is interoperable with previous generation NSG models as well as with all the leading providers of VOD servers, Ethernet switches, conditional access systems (for session-based encryption) and set-top boxes.

"Harmonic pioneered the narrowcast EdgeQAM device category over three years ago. Since then we have deployed tens of thousands of QAM channels in virtually all of the commercially launched VOD networks, which reflects our customers' confidence in the performance and reliability of the product," said Buddy Snow, Vice President of Marketing for Harmonic's Convergent Systems Division. "With the introduction of the NSG 9000 series, Harmonic has again raised the bar with innovative features, superior RF performance, and support for current and emerging video services needed by MSOs to remain competitive."

Specialized Expertise at the Intersection of MPEG, IP and RF

"The NSG is a pivotal element in a narrowcast infrastructure that places strenuous demands on its component equipment. The NSG successfully responds to these demands using a combination of technologies," continued Snow. "It brings to bear our many years of field-tested expertise in MPEG digital video, IP transport and RF technology. Harmonic's innovation in cable VOD transport and delivery solutions is proven by our market-leading share of the IP-enabled EdgeQAM market."

In addition to offering a variety of network interfaces, the NSG incorporates essential capabilities such as multiplexing and routing, program filtering, conditional access scrambling supporting session-based encryption, PCR re-stamping, systems cascading and redundancy. The NSG 9000 supports standard definition as well as high definition video in all the various formats.

After deploying an NSG-based narrowcast infrastructure, operators can incrementally layer advanced services to increase the value proposition for their subscribers, which helps reduce churn. These services include switched broadcast--allowing the delivery of programs targeting communities of interest without consuming bandwidth until viewers "tune in"--and network-based digital video recorders.

By using Harmonic's NMX Digital Service Manager(TM) to monitor and control NSGs deployed throughout the network, MSOs can gain a real-time understanding of their RF network utilization. The NMX generated statistical reports give operators the insights needed to make informed decisions about re-allocating capacity to areas where it is needed most and/or introducing high impact marketing programs that stimulate demand during non-peak hours.

The NSG 9000 series will be available in the fourth quarter of 2003.

About Harmonic Inc.

Harmonic Inc. is a leading provider of digital video, broadband optical networking and IP delivery systems to cable, satellite, telecom and broadcast network operators. Harmonic's open standards-based solutions for the headend through the last mile enable customers to develop new revenue sources and a competitive advantage by offering powerful interactive video, voice and data services such as video-on-demand, high definition digital television, telephony and Internet access.

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 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, expectations concerning availability of the third generation NSG, features of the NSG and anticipated benefits for customers. These features and benefits include enabling cable operators to provision a broad range of narrowcast services, providing operators greater choice in the design and expansion of their infrastructure, reducing the effective cost of their infrastructure, allowing incremental layering of advanced services, and monitoring and management by Harmonic's NMX in order to reallocate capacity and/or to introduce marketing programs. In addition, actual results could differ materially from those projected in the forward-looking statements as a result of additional 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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SOURCE: Harmonic Inc.