



Hefei CATV Brings Cable Video-On-Demand to China with Harmonic's Narrowcast Services Gateway

March 23, 2004

BEIJING--(BUSINESS WIRE)--March 23, 2004--Harmonic Inc. (Nasdaq:HLIT) today announced that Hefei Broadcast & TV Broad Band Network Ltd. (Hefei CATV) implemented a video-on-demand (VOD) service with Harmonic's industry leading Narrowcast Services Gateway(TM) (NSG). Hefei CATV's new service, the first cable-based VOD deployment utilizing IP-transport in China, represents a major step toward realizing the complete "digital vision" established by China's State Administration of Radio Film and Television (SARFT).

Recently, SARFT articulated a comprehensive vision for converting China's current broadcast infrastructure to a secure digital format. With a broadband digital television platform, operators will be able to offer a wide range of world-class advanced services such as video-on-demand, network-based personal video recorders (nPVR) and high definition television.

Hefei CATV, which serves the capital of Anhui Province, has more than 300,000 subscribers in a market of approximately 1.5 million people. The local demographics combined with an existing digital cable network make it attractive for Hefei CATV to provision entertainment and educational programming on-demand. Harmonic's NSG-based VOD architecture, which leverages existing headend and HFC investments, makes a revenue-generating service technically and financially feasible. The NSG gives Hefei CATV an efficient and scalable way to transport and route VOD streams from the centralized server farm to the HFC network.

"This is the first implementation of cable video-on-demand on Hefei CATV's broadband digital television platform," said Mr. Wu Huairan, Chairman of the Board and General Manager. "After evaluating the various approaches and solutions, we concluded that Harmonic has better experience in digital television and video-on-demand in addition to consistently excellent customer support for China's broadcast and cable markets. The Narrowcast Services Gateway has many reference sites in the United States, as a result we are confident that using it would eliminate any deployment and operational risks. That is very important since our system will be a model for cable companies throughout China."

"Hefei CATV continues to demonstrate technical and service leadership as it pursues its 'digital vision.' As an early adopter of digital television, Hefei CATV has recognized that video-on-demand can both generate incremental revenue and provide a competitive advantage in an evolving broadband market," said Dr. Yaron Simler, President of Harmonic's Convergent Systems Division. "Hefei CATV's selection of Harmonic's Narrowcast Services Gateway reinforces the NSG's position as the leading platform for cable on-demand services around the world."

Now in its third-generation, the standards-based NSG family -- composed of single rack-unit systems with 8, 12 and 16 output QAM channels -- provides operators greater choice and flexibility in the design and expansion of their network infrastructure. By combining NSG units of varying QAM channel densities for each service group, cable operators can optimize their network architecture and bandwidth, reducing the effective cost of their infrastructure. The NSG is interoperable with all the leading providers of VOD servers, Ethernet switches, conditional access systems (for session-based encryption) and set-top boxes.

A complete video-on-demand solution based on the Narrowcast Services Gateway will be demonstrated at CCBN 2004 in the Harmonic stand (#2403).

About Hefei Broadcast & TV Broad Band Network Ltd. (Hefei CATV)

In 2001, Hefei Cable TV Station and CITIC Guoan Company jointly established Hefei Broadcast & TV Broad Band Network Ltd. (Hefei CATV) with total assets exceeding RMB 300 million. In addition to its existing broadcast TV service, Hefei CATV is building its Cable Broadband Integrated Information Network to provide new services such as digital television, video-on-demand, high speed Internet access and interactive games. Hefei CATV is dedicated to maintaining a leading domestic broadband network that will meet the growing entertainment and educational needs of the City of Hefei. The network is also designed to support the City's economic development by delivering services to an increasing number of technology enterprises in the surrounding area.

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, Calif. 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 serving a world-class range of advanced services with a broadband digital television platform, the elimination of deployment and operational risks, and the Hefei system as a model for cable companies throughout China. 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 Annual Report filed on Form 10-K for the year ended December 31, 2003. Harmonic does not undertake to update any forward-looking statements.

EDITOR'S NOTE - Product and company names used herein are trademarks or registered trademarks of their respective owners.

CONTACT: AxiCom (Media Relations for Harmonic)
Stephen Orr, 408-543-2360 or +44.(0)20.8392.4056
stephen.orr@axicom.com

or

StreetConnect (Investor Relations for Harmonic)
Michael Newman, 408-542-2760
mnewman@stct.com

SOURCE: Harmonic Inc.