



## Harmonic Introduces New Best-in-Class DiviCom Multichannel Encoder; DiviCom Ion Delivers Superior Price/Performance and Advanced Functionality

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ORLANDO, Fla.--(BUSINESS WIRE)--June 16, 2004--Harmonic Inc. (Nasdaq:HLIT), a leading provider of digital video compression solutions to cable, satellite, terrestrial and telco operators, today introduced the best-in-class DiviCom(R) Ion(TM) multichannel MPEG-2 encoder. Ion with its modular, high channel-density architecture complements the industry-leading DiviCom family to support a range of applications including the all-digital cable service. The one rack unit (1RU) Ion leverages Harmonic's ten years of pioneering video compression technology to deliver a new level of price/performance and advanced functionality.

As the digital migration accelerates, operators are being challenged to expand their services while managing their capital and operational expenditures. This is particularly crucial for cable, terrestrial and telco network operators with small or fragmented service areas. Incorporating more advanced features than other encoders in its class, the Ion more cost-effectively addresses the critical deployment and operational issues confronting an operator.

The DiviCom Ion's modular architecture can be configured with up to four high-quality constant bit-rate (CBR) encoders and ten stereo audio pairs. Ion accepts both analog and digital inputs and offers IP and ASI outputs, allowing the system to fit seamlessly into virtually any operating environment. Ion's native IP architecture brings key benefits--including greater scalability and reduced costs--which are essential for the next generation of IP-based video services.

"Ion's outstanding price/compression performance makes it ideal for encoding the ever increasing amount of national and local broadcast content," said Buddy Snow, Vice President of Marketing for Harmonic's Convergent Systems Division. "By deploying the DiviCom Ion multichannel encoder, operators have a best-in-class solution for efficiently expanding existing digital services and introducing new revenue-generating services, while minimizing capital and operating costs."

With efficient power consumption, Ion substantially cuts electrical and cooling requirements to minimize utility costs. In addition, the all new 1RU package combined with a new scalable internal architecture significantly reduces rack and floor space usage. By lowering the overall cost of delivering a channel without sacrificing compression efficiency and video quality, Ion provides a foundation for a compelling business case for all-digital cable services, video over telco networks and multicasting by terrestrial broadcasters. At the same time, integrated SCTE35 digital program insertion (DPI) support allows operators to open up new revenue streams through localized advertising.

Ion can be installed and managed on a standalone basis via an easy-to-use Web-based tool. The system is also supported by Harmonic's NMX Digital Service Manager(TM), enabling fully distributed configuration and control as well as advanced dynamic re-provisioning for the highest levels of service availability.

Harmonic is showcasing the DiviCom Ion encoding solution in cable applications such as an All-Digital Service at Cable-Tec 2004, booth #2151, in Orlando, FL (June 16-18, 2004) and BroadcastAsia 2004, booth #1H3-1, in Singapore (June 15-18, 2004). It will also be featured in video over xDSL and fiber-to-the-premises (FTTP) services at SUPERCOMM 2004, booth #28029, in Chicago, IL (June 22-24, 2004).

### About DiviCom Encoders

Everyday Harmonic's encoders deliver thousands of channels of television to tens of millions of households worldwide. From their first deployment a decade ago, DiviCom encoders have consistently set the benchmark for high quality, low bit-rate, digital television services. The industry-leading family of SD and HD systems, which is complemented by the new best-in-class DiviCom Ion multichannel encoder, address a wide range of price/compression performance and functional requirements for broadcast and on-demand applications. Harmonic is also at the forefront of introducing systems based on next-generation compression technologies--such as MPEG-4 AVC and SMPTE VC-9--to further increase the service carrying capacity of a network as well as to enable new services.

### 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](http://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: the acceleration of digital migration, a best-in-class solution for expanding existing services and introducing new services, and various features and benefits of the Ion multichannel encoder.

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, in particular its recent Reports filed on Form 10-K and Form 10-Q. Harmonic does not undertake to update any forward-looking statements.

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