



Major Canadian Cable Operator Increases Channel Capacity with Harmonic's Industry-Leading Encoders

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ORLANDO, Fla.--(BUSINESS WIRE)--June 16, 2004--

-- DiviCom(R) MPEG-2 Digital Video Encoders Support
Videotron's All-Digital Service --

Harmonic Inc. (Nasdaq:HLIT) today announced that Videotron Itee, a subsidiary of Quebecor Media Inc. (TSX:QBR.b), has expanded the channel capacity of its cable network using high-performance DiviCom encoders. Harmonic's industry-leading MPEG-2 encoding systems are enabling one of Canada's largest cable operators to distribute its programming in an efficiently compressed, broadcast-quality, digital video format without compromising support of existing analog television subscribers.

Competition from existing and emerging video service providers and growing consumer demand for more personalized interactive services is requiring cable operators to constantly innovate to retain and attract subscribers. The bandwidth requirements can be substantial, particularly with the increasing adoption of high definition television and on-demand services. For Videotron -- which operates one of North America's largest two-way interconnected hybrid fiber-coaxial (HFC) network, reaching 80 percent of the households in Quebec -- and other cable operators, upgrading the physical network can be complex, time consuming and expensive.

"Videotron is focused on developing new interactive TV services which promise to redefine television in the future," said Alain Boissonnault, the Director of New Technologies at Videotron Itee. "With this, however, comes a huge increase in our overall bandwidth requirements. The most immediate and effective way to advance us toward our goal while, at the same time, addressing the long-term bandwidth issue was to implement a high-performance all-digital system. We looked at several alternative paths and vendors, including some newcomers, however, the compression efficiency and picture quality of the DiviCom encoders combined with Harmonic's experience with all-digital systems was an unbeatable combination. By working with Harmonic, we have significantly increased the SD and HD programming we can offer the 2.3 million homes our network passes, with room for future growth."

In parallel to network segmentation, which scales network bandwidth to the home, operators are steadily embracing an all-digital architecture to deliver more services across their network backbone. This approach streamlines the headend environment, reducing deployment and operational costs, and simplifies the design of the set-top box (STB) to substantially reduce capital expenditures. The new DiviCom encoders deployed by Videotron convert the entire broadcast line-up into an efficient MPEG-2 digital video stream, permitting existing services to be transported in less bandwidth and providing capacity for new services that increase the overall competitive differentiation. Analog television subscribers are not left behind. Harmonic systems at the edge of Videotron's transport network decode basic channels for broadcast along with regionalized digital channels over the HFC distribution network.

"Videotron's all-digital service represents a practical solution to the top priority issue for the cable industry," said Dr. Yaron Simler, President of Harmonic's Convergent Systems Division. "It also highlights a growing trend among operators who are expanding their broadcast and on-demand television services. Harmonic has been working with cable companies around the world to enable the all-digital service and let them realize the full benefit of their infrastructure investments. The deployment of our high-performance DiviCom encoders by Videotron is a further confirmation of our industry-leading solutions and expertise."

Videotron's all-digital service is fully operational and delivers services throughout the province of Quebec. The solution was deployed in conjunction with Capella Telecommunications, Harmonic's authorized representative in Canada.

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 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 H.264/AVC and Microsoft's VC9 -- to further increase the service carrying capacity of a network as well as to enable new services.

About Videotron Itee

Videotron Itee, a wholly-owned subsidiary of Quebecor Media Inc., is an integrated communications company active in cable television, interactive multimedia development and Internet access services. Videotron Itee is a leader in new technologies, thanks to illico, its interactive television system and its high-bandwidth network allowing it to offer, among other services, high-speed cable Internet access, analog and digital TV services. In Quebec, Videotron serves 1,437,000 million cable customers; more than 273,000 also subscribe to interactive TV on its digital service illico. Videotron is also the leader in high-speed cable Internet access throughout Quebec, with more than 460,000 Internet customers by cable modem and dial-up modem. Visit www.videotron.com for more information.

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 27(A) of the Securities Act of 1933 and Section 21(E) of the Securities Exchange Act of 1934, including statements related to: increasing adoption of high definition television and on-demand services, new interactive TV services which promise to redefine television in the future, a huge increase in overall bandwidth requirements, increased SD and HD programming with room for future growth, a growing trend of expanding broadcast and on-demand television services, and letting cable companies realize the full benefit of their infrastructure investments.

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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