Harmonic Announces Definitive Agreement to Acquire Omneon

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Combination Will Create Global Leader in Video Infrastructure for Media Companies

Sunnyvale, Calif. - May 6, 2010 - Harmonic Inc. (NASDAQ: HLIT) and Omneon, Inc., a leading provider of video production and playout solutions for many of the world's premier media companies, today announced the signing of a definitive agreement pursuant to which Harmonic would acquire Omneon for an enterprise value of approximately $274 million in cash and Harmonic stock. The proposed acquisition would combine Harmonic's market-leading position in video delivery infrastructure with Omneon's market-leading technology for the production, management and distribution of digital media.

"This proposed combination will position Harmonic to become a global leader in video infrastructure for the digital media industry," said Patrick Harshman, President and CEO of Harmonic. "Media companies are being driven by ever-increasing demand for video content coupled with consumers' desire to consume video anytime and anywhere. At the same time, the dramatic growth of video delivery over broadband and wireless networks is blurring traditional boundaries between content producers and service providers. With our deep customer relationships with content producers and service providers, and with our market leading technologies that span content acquisition through delivery, we believe that our combined company will be uniquely positioned to capitalize on these trends and to accelerate revenue growth."

Omneon's customer base includes the BBC, BSkyB, CBS, Comcast, Discovery Communications, Echostar, NBC Universal, News Corporation, Televisa, Turner Broadcasting System, Viacom and many other leading media companies worldwide. For the year ended December 31, 2009, Omneon's revenues were approximately $105 million, of which 67% were outside the United States, with no single customer representing more than 10% of total revenue. Omneon's gross margin was 58% in 2009. Omneon has approximately 280 employees worldwide, and is headquartered in Sunnyvale, California, with research and development facilities in Sunnyvale and Beaverton, Oregon.

"The combined company will have industry-leading technology and expertise in video compression, processing and delivery, video-optimized storage, production and playout servers, and media management," said Suresh Vasudevan, CEO of Omneon. "Not only are the technologies complementary, but we see unique opportunities to leverage our technology adjacencies and drive market-leading innovation. We are very excited about this combination and the opportunities it creates for our customers and employees."

The products and solutions of the combined company are deployed with over 2,000 customers across more than 100 countries, for broadcast and on-demand video services delivered via cable, satellite, telco, terrestrial, broadband and mobile networks. The company will have a combined video-focused global R&D organization of 450 engineers, a combined global sales and service organization of 330 people and a network of over 250 global sales channel partners.

Under the terms of the definitive agreement, which has been approved by the Boards of Directors of both companies, Harmonic will pay $190 million in cash and issue approximately 17.1 million shares of its common stock. This represents an enterprise value of approximately $274 million, based on the closing price of Harmonic common stock on May 5 and is net of Omneon's cash balances which are expected to be approximately $32 million at closing. The proposed acquisition is subject to customary closing conditions and regulatory approvals, and is expected to close in the third quarter of 2010. The proposed acquisition is also subject to the approval of Omneon's stockholders, and Harmonic has entered into voting agreements with holders of a majority of Omneon's outstanding shares of capital stock, pursuant to which such Omneon stockholders agree to vote in favor of the transaction.

Most of the Omneon executive management team is expected to join Harmonic at closing, including Mr. Lawrence Kaplan, a founder of Omneon, and Mr. Vasudevan, who previously held senior executive positions at NetApp, Inc., and also worked for McKinsey & Company, an international management consulting firm.

The transaction is anticipated to be neutral to Harmonic's non-GAAP net income in 2010 and accretive to non-GAAP net income in 2011, exclusive of the amortization of intangibles and non-recurring charges such as restructuring and transaction costs. Harmonic will determine the appropriate purchase accounting for the transaction at closing and, accordingly, cannot reasonably estimate the impact on GAAP net income at this time. See "Use of Non-GAAP Financial Measures" below.

BofA Merrill Lynch acted as exclusive financial advisor to Harmonic in connection with this transaction.

Conference Call Information

Harmonic will discuss the Omneon acquisition and first quarter 2010 results during its regularly scheduled earnings conference call on Thursday May 6, 2010, at 2:00 p.m. Pacific (5:00 p.m. Eastern). A listen-only broadcast of the conference call can be accessed on the Company's website at www.harmonicinc.com or by calling 1.706.634.9047 (conference identification code 50189705). The replay will be available after 6:00 p.m. Pacific at the same website address or by calling +1.706.645.9291 (conference identification code 50189705).

About Harmonic Inc.
Harmonic Inc. is redefining video delivery with the industry's most powerful solutions for delivering live and on-demand video to TVs, PCs and mobile devices. Harmonic's technical innovation and market leadership enable the company to offer a unique and comprehensive solution portfolio—including encoding, transcoding, content preparation, stream processing, asset management, edge processing, and delivery. Broadcast, cable, Internet, mobile, satellite and telecom service providers around the world choose Harmonic's IP-based digital video, software, and broadband edge and access solutions. Using these award-winning and industry-leading solutions, operators can reduce costs and differentiate their services by offering consumers a higher quality, personalized multi-screen experience.

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.

About Omneon, Inc.

Omneon, Inc., is a leading provider of scalable media server and active storage systems that optimize workflow productivity and on-air reliability for the production, distribution, and management of digital media. Omneon is a pioneer in the use of advanced IT technologies and open systems for broadcast applications, producing a modular and expandable video server architecture in the Omneon Spectrum media server and highly scalable production storage with the MediaGrid active storage system. The company has an extensive global presence with customers in more than 85 countries on six continents. Omneon is on the Web at www.Omneon.com.

Forward-Looking Statements

Some of the statements contained in this release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve risks, uncertainties and assumptions, including those regarding Harmonic's future plans for Omneon's business, the expected benefits and costs of the acquisition, Harmonic management's plans relating to the acquisition, the ability to complete the acquisition considering the various closing conditions, the expected closing date of the acquisition, Omneon's cash balances, the expectations regarding the retention of Omneon's management, the expectations regarding the acquisition on Harmonic's results of operations for the remainder of 2010 and for 2011, the expectations as to the strategic positioning and revenue growth from the acquisition of the Omneon business and Harmonic's expected plans for the integration of Omneon. The statements contained in this release that are not purely historical are forward-looking statements including, without limitation, statements regarding our expectations, beliefs, intentions or strategies regarding the future. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "intends," "estimates," "predicts," "potential," or "continue" or the negative of these terms or other comparable terminology. These statements are based on the current expectations or beliefs of management of Harmonic and are subject to uncertainty and changes in circumstances that, if they were to never materialize or prove incorrect, could cause actual results to differ materially from those projected, expressed or implied in the forward-looking statements. Factors that could cause Harmonic's actual results or outcomes, levels of activity, performance or achievements, including the realization of expected financial and other effects of the acquisition, to be materially different from those anticipated in this release include among others, the inability to integrate successfully Omneon within Harmonic or to realize synergies from such integration; costs related to the acquisition of Omneon; the inability to obtain necessary regulatory or other approval for the acquisition or to obtain them on acceptable terms; failure to retain key employees; the economic environment of the industries in which Harmonic and Omneon operate, as well as facts relating to Omneon that may impact the benefits and costs of the acquisition that are unknown to Harmonic; and other factors affecting the operation of the respective businesses of Harmonic and Omneon. More detailed information about these factors are described in Harmonic's filings with the SEC including its annual report on Form 10-K for the year ended December 31, 2009. All forward-looking statements included in this release are based on information available to Harmonic on the date thereof, and Harmonic assumes no obligation to update any such forward-looking statements.

Use of Non-GAAP Financial Measures

In establishing operating budgets, managing its business performance, and setting internal measurement targets, Harmonic excludes a number of items required by GAAP. Management believes that these accounting charges and credits, which are non-cash or non-recurring in nature, are not useful in managing its operations and business. Historically, Harmonic has also publicly presented these supplemental non-GAAP financial measures in order to assist the investment community to see Harmonic "through the eyes of management," and thereby enhance understanding of its operating performance. The non-GAAP financial measure discussed in this release is non-GAAP net income. The presentation of this non-GAAP information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP and is not necessarily comparable to non-GAAP results published by other companies.

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