



Harmonic Agrees to Acquire Rhozet

July 25, 2007

Positions Harmonic as a Leader in Internet and Mobile Video

Creation

SUNNYVALE, Calif.--(BUSINESS WIRE)--July 25, 2007--Harmonic Inc. (NASDAQ:HLIT), a leading provider of broadcast and on-demand video delivery solutions to service providers around the world, today announced that it has entered into a definitive agreement to acquire Rhozet Corporation, a privately-held company based in Santa Clara, California. Rhozet offers software-based universal transcoding solutions that facilitate the creation of multi-format video for Internet, mobile and broadcast applications. The addition of Rhozet's software transcoding technology is expected to enable Harmonic's existing broadcast, cable, satellite, and telco customers to seamlessly create and deliver high quality Internet and mobile video programming. It is also expected to expand Harmonic's presence into the online video service provisioning market, where Rhozet's transcoding solutions are today in use by leading Web video content providers including Amazon.com, MSN and Yahoo!.

The \$15.5 million dollar purchase price is comprised of cash and the value of approximately 1.1 million shares of Harmonic stock, as set forth in the definitive agreement. The acquisition is subject to customary closing conditions and is anticipated to close by the end of July 2007. Excluding charges for the amortization of intangibles, the transaction is expected to be neutral to Harmonic's earnings per share for the second half of 2007.

"Viewers are increasingly turning to the Internet and mobile devices to watch an ever-expanding range of video content," said Patrick Harshman, President and CEO of Harmonic Inc. "Today's video programming includes everything from television shows and movies created for traditional broadcast and on-demand distribution, to webisodes and user-generated content specifically developed for online and mobile distribution. Rhozet's software transcoding technology is a natural extension to Harmonic's market-leading IP-enabled compression and on-demand solutions, and we believe that our combined solutions will make it possible for service providers to deliver superior quality video to virtually any device."

The Rhozet product line includes Carbon Coder(TM), a stand-alone software transcoding application, and Carbon Server(TM), an enterprise-level distributed transcoding management application. This highly scalable solution is designed to allow users to start with a single system that can be expanded to a large transcoding server farm, and includes features such as load balancing and failover protection for maximum reliability.

"Rhozet has been focused on developing a robust and powerful transcoding engine for the creation of high quality video for the Internet, mobile and broadcast markets," said David Trescot, CEO of Rhozet Corporation. "Harmonic brings unique experience, strength and innovation in the broadcast, cable, satellite, and telco markets. The combination of Rhozet's transcoding software and Harmonic's on-demand and stream processing products will further streamline the creation and intelligent distribution of video for any device."

Rhozet's solutions have been deployed by more than 100 customers including Amazon.com, Ascent Media, BT, CBS, Channel 10 Israel, Detroit Public Television, Entertainment Television, ESPN, MSN, MTV Networks, News Broadcasting Japan, ProSieben.Sat1, Sony, Technicolor, Telekom Austria, The FeedRoom, thePlatform, The Weather Channel, TVAzteca, and Yahoo!.

About Rhozet

The Rhozet Corporation is dedicated to providing video and broadcast professionals with accelerated high-quality media transcoding solutions. Rhozet offers both off-the-shelf and customized software configurations for the production and content delivery markets. For more information about Rhozet please visit the company Website at www.rhozet.com.

About Harmonic Inc.

Harmonic Inc. is a leading provider of versatile and high performance video solutions that enable service providers to efficiently deliver the next generation of broadcast and on-demand services including high definition, video-on-demand, network personal video recording and time-shifted TV. Cable, satellite, broadcast and telecom service providers can increase revenues and lower operational expenditures by using Harmonic's digital video, broadband optical access and software solutions to offer consumers the compelling and personalized viewing experience that is driving the business models of the future.

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.

Legal Notice Regarding Forward-Looking Statements

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, including statements related to Harmonic's expectation that the addition of Rhozet's software transcoding technology will enable Harmonic's existing broadcast, cable, satellite, and telco customers to seamlessly create and deliver high quality Internet and mobile video programming; Harmonic's expectation that the acquisition of Rhozet will expand Harmonic's presence into the online video service provisioning market; Harmonic's expectation that the acquisition will close by the end of July 2007; Harmonic's expectation that, excluding charges for the amortization of intangibles, the transaction will be neutral to Harmonic's earnings per share for the second half of 2007; Harmonic's expectation that the combined solutions will make it possible for service providers to deliver superior quality video to virtually any device; and the expectation that the combination of Rhozet's transcoding software and Harmonic's on-demand and stream processing products will further streamline the creation and intelligent distribution of video for any device. Our expectations and beliefs regarding these matters may not materialize, and actual results in future

periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include the possibility that the combination of Harmonic's and Rhozet's products and businesses may not provide the expected results; the risk that the acquisition of Rhozet will not expand Harmonic's presence into the online video service provisioning market; the risk that the acquisition will not close by the end of July 2007, or at all; and the risk that the transaction, excluding charges for the amortization of intangibles, will be negative to Harmonic's earnings per share for the second half 2007. 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 our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2007, and our current reports on Form 8-K. 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.

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SOURCE: Harmonic Inc.