



Jazztel Video-Over-DSL Service Leverages the Power of Harmonic's Market Leading Video Headend Solutions; Deployment Extends Leadership of DiviCom(R) Encoders in European IPTV Market

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SUNNYVALE, Calif.--(BUSINESS WIRE)--Aug. 17, 2006--Harmonic Inc. (NASDAQ:HLIT) today announced that Jazztel PLC (MCE:JAZ), a leading telecommunications service provider in Spain, has implemented a comprehensive Harmonic-based digital headend, including the best-in-class DiviCom(R) Electra(TM) 5000 MPEG-4 AVC (H.264) encoder, for its IP-based Jazztelia TV service. Initiated in March 2006, the country-wide rollout includes standard definition broadcast television channels delivered via Jazztel's ADSL2+ network. This deployment underscores the significant lead Harmonic has established in the European IPTV market, with DiviCom encoders powering more channels for European telcos than any other brand.

Increasingly, operators such as Jazztel are taking advantage of local loop unbundling to implement a competitive broadband service by co-locating DSLAMs at the incumbent telecom provider's central offices. Founded in 1998, Jazztel now operates a comprehensive network of DSLAMs, overlaying an area encompassing nearly 60 percent of Spain's lines, which is connected to an extensive fiber network. By owning the access and metro interconnect, Jazztel can deliver more bandwidth to the home. This advanced infrastructure makes it possible for Jazztel to offer a full range of IP-based voice, data and video services which has attracted more than 250,000 residential and business customers.

"Jazztel's long-term vision is focused on continually expanding the range of compelling and competitive telecommunications and entertainment services available to the consumer, and to make these state-of-the-art services a reality today," said Antonio Rodriguez, Network Engineering Manager at Jazztel. "The ability to deliver a differentiated, high quality television experience alongside our voice and data solutions was a key consideration in selecting our video headend provider. Harmonic, with its unique systems and expertise, allowed us to dramatically accelerate our time to market. The integrated solution for content acquisition, efficient video compression, scrambling and service management meets our needs today and easily scales to accommodate substantial growth in the future."

As the demand for more services continues to accelerate, IPTV operators must find ways to maximize the efficiency of their networks in addition to creating an attractive service offering. An IP-centric network enables telco operators, like Jazztel, to more easily provision highly personalized, interactive TV services. Harmonic's DiviCom Electra 5000 multi-service encoders, which are at the core of the Jazztel service, include a native IP interface and provide superior MPEG-4 AVC video quality at low bit-rates, facilitating the delivery of future value-added capabilities.

"As emerging IPTV providers deploy services that compete with existing cable, satellite and terrestrial television, it is clearly not enough to offer a 'me too' service to attract subscribers," said Thierry Fautier, Director of Telco and IPTV Solutions for Harmonic Inc. "Harmonic's industry-leading digital video solutions, like the DiviCom Electra 5000 multi-service encoder, enable Jazztel to incorporate advanced features that create a differentiated and dynamic experience, setting itself apart as a pace-setting competitive provider of triple play services. With more encoders installed at top tier telcos than any other brand, Harmonic is leading the way in enabling IP-based video with highly flexible, scalable solutions that support a range of services delivered to multiple devices via wired and wireless networks."

The Electra 5000 is a powerful encoding solution that meets the operator's current needs for high performance multi-channel encoding as well as the emerging requirement to streamline the distribution of services in multiple formats to multiple devices over multiple networks. Harmonic's ProCipher(TM) IP-based scrambler -- which is fully integrated with third-party conditional access systems and compliant with DVB standards -- dynamically and securely encrypts real-time video services. NMX Digital Service Manager(TM) provides an intuitive, service-oriented system for centralized or distributed management and control of the components in the digital video network.

The Jazztel video headend was implemented in conjunction with Telindus, a leading European system integrator and Harmonic strategic partner. Over the years, the two companies have collaborated to create and deliver superior broadband access and digital video solutions to a variety of customers in the region. Bringing unparalleled experience in deploying telecommunications services throughout Europe, Telindus provided the expertise required for Jazztel to successfully add its new IPTV service to its existing infrastructure.

About Jazztel PLC

Jazztel is a leading telecommunications and data transmission carrier with its own infrastructure in Spain. The company offers broadband solutions for voice, data and Internet traffic geared toward residential and business markets.

Jazztel has rolled out its network in more than 100 metropolitan areas and business parks in Spain. This local access network infrastructure along with its backbone network is one of the most rapid telecommunications networks in Europe.

About Telindus Group

Telindus offers ICT Solutions and Services on an international level. Telindus serves business, service provider and public market needs. Telindus has been active for over 36 years and posted a turnover of EUR 618 million in 2005. With 2600 employees, Telindus is present in 13 countries in Western Europe, Hungary, China and Thailand. Telindus is headquartered in Belgium. www.telindus.com.

In January 2006, Telindus joined the leading telecommunications company in Belgium, Belgacom (www.belgacom.be), to become the IT Services Branch of a new business leader in the market. Belgacom and Telindus are building a Belgian champion in the European IT landscape, presenting the market a unique offering, uniting Connectivity and IT 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 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: continually expanding the range of compelling and competitive telecommunications and entertainment services, scaling to accommodate substantial growth in the future, and the demand for more services continuing to accelerate.

Our expectations and beliefs regarding these matters and the anticipated benefits of the Electra 5000, ProCipher and NMX 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 recent Reports filed on Form 10-K and Form 10-Q. 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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