



Harmonic Delivers Advanced MPEG-4 AVC Standard and High Definition Video Solutions for T-Com; Harmonic's IPTV Leadership Extended With Deployment of DiviCom(R) Encoders, in Microsoft's Largest European IPTV Contract to Date

September 7, 2006

SUNNYVALE, Calif.--(BUSINESS WIRE)--Sept. 7, 2006--Harmonic Inc. (Nasdaq:HLIT) today announced that T-Com Germany, responsible for the strategic broadband/fixed line business segment at Deutsche Telekom AG (NYSE:DT), is using Harmonic's DiviCom(R) MPEG-4 AVC (H.264) standard definition (SD) and high definition (HD) compression systems for its new video service product T-Home. Combining with T-Online's position as Germany's leading Internet service provider, the new video service represents the largest European IPTV deployment to date based on the Microsoft TV(R) IPTV edition software platform.

Harmonic's advanced multi-service (multi-codec, multi-format, and multi-channel) solutions -- selected for the majority of IPTV deployments in Europe -- are the foundation for a new generation of more personalized and on-demand services. For operators the ability to deliver greater volumes of rich content and advanced services such as HD and picture-in-picture (PiP) is a critical requirement in order to satisfy the accelerating consumer demand and provide a highly competitive offering. The DiviCom Electra(TM) 5000 series of SD encoders can simultaneously deliver high quality video at full and low resolution for applications such as PiP, personalized multi-channel mosaics and streaming video to the PC. Within the T-Home product of T-Com, the new high-performance Electra 7000 HD H.264 encoders will be deployed later this year.

"Delivering an innovative and compelling video service in addition to the innovative T-Com voice and high-speed Internet offerings is an important part of creating a comprehensive offering for our customers," said Marc Schroeder, Senior Vice President at T-Com. "Triple play services are the basis for delivering the telecommunications and entertainment experience of the future, and the integrated Harmonic and Microsoft TV solution provides us with superior functional and operational advantages for the new IPTV service."

"T-Com is taking full advantage of the benefits of IPTV to transform the television experience for viewers in the competitive German market," said Patrick Harshman, President and CEO of Harmonic Inc. "In addition to creating a more personalized and interactive service using the Microsoft TV software platform, T-Com has the potential to add numerous advanced applications over time with the addressability and versatility inherent in the IP-based Harmonic headend infrastructure. Harmonic's unmatched expertise in IPTV and full range of IP-enabled digital video solutions are providing greater flexibility and scalability for operators like T-Com to create an exciting new service."

The Harmonic solution also includes ProView(TM) integrated receivers and decoders for content acquisition, the ProStream(TM) 1000 stream processing platform as part of the parental control function mandated by German public broadcasters, as well as comprehensive system monitoring and control with NMX Digital Service Manager(TM). The new T-Home service is initially available in ten metropolitan areas across the country. T-Com is further extending service capacity and subscriber reach with VDSL technology, dramatically increasing the bandwidth available for new and enhanced services including video-on-demand, time-shifted TV, personal video recorders (PVR) and higher speed Internet access.

About Deutsche Telekom

Deutsche Telekom is Europe's largest communications company and one of the largest communications carriers worldwide based on 2005 revenues of 59.6 billion Euro. The company is active in the strategic areas Broadband/Fixed-network (T-Com, T-Online), Mobile Communications (T-Mobile) and Business Customers (T-Systems).

For more information about Deutsche Telekom, visit www.telekom.de/international.

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: the new high-performance Electra 7000 HD H.264 encoders which will be deployed later this year, the telecommunications and entertainment experience of the future, and the potential to add numerous advanced applications over time.

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 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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SOURCE: Harmonic Inc.