UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

Current Report
Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report
(Date of earliest event reported): December 8, 2006

HARMONIC INC.
(Exact name of Registrant as specified in its charter)

Delaware	0-25826	77-0201147
(State or other jurisdiction of incorporation or organization)	Commission File Number	(I.R.S. Employer Identification Number)

(Registrant's telephone number, including area code)
(408) 542-2500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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EXPLANATORY NOTE

On December 13, 2006, Harmonic Inc., a Delaware corporation ("Harmonic" or the "Company"), filed a Current Report on Form 8-K (the "December 8-K") to report the completion of its acquisition (the "Acquisition") of the video networking software business of Entone Technologies, Inc., a Delaware corporation ("Entone"), pursuant to a previously-announced Agreement and Plan of Merger, dated as of August 21, 2006, and amended as of November 29, 2006, by and among the Company, Edinburgh Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Harmonic, Entone, Entone, Inc., a Delaware corporation and a wholly-owned subsidiary of Entone, Entone Technologies (HK) Limited, a company organized under the laws of Hong Kong and an indirect wholly-owned subsidiary of Entone, Jim Jones, as stockholders' representative, and U.S. Bank, National Association, as escrow agent.

At that time, the Company stated in the December 8-K that it intended to file the financial statements and the pro forma financial information required by parts (a) and (b) of Item 9.01 of Form 8-K not later than seventy-one (71) calendar days after the date that the December 8-K was required to be filed with the Securities and Exchange Commission. The Company hereby amends the December 8-K in order to include the required financial statements and pro forma financial information.

Item 9.01 Financial Statements and Exhibits

a. *Financial statements of businesses acquired.*

1. The audited consolidated balance sheets of Entone Technologies, Inc. as of March 31, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended March 31, 2006 and 2005, together with the report thereon of Deloitte & Touche LLP, are attached hereto as Exhibit 99.2.
2. The unaudited consolidated balance sheets of Entone Technologies, Inc. as of September 30, 2006 and 2005 and the related consolidated statements of operations and cash flows for the six months ended September 30, 2006 and 2005, are attached hereto as Exhibit 99.3.

b. Pro forma financial information.

1. The unaudited pro forma condensed combined balance sheet of Harmonic Inc. as of September 29, 2006 and the related pro forma condensed combined statements of operations for the nine months ended September 29, 2006 and the year ended December 31, 2005, are attached hereto as Exhibit 99.4. These pro forma financial statements give effect to the Company's acquisition of Entone as if it had occurred on January 1, 2005.

c. Exhibits.

Exhibit No.	Description
23.1	Consent of Deloitte & Touche LLP, Independent Auditors.
99.1*	Press release issued by Harmonic Inc. on December 11, 2006.
99.2	Audited consolidated balance sheets of Entone Technologies, Inc. as of March 31, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended March 31, 2006 and 2005.
99.3	Unaudited consolidated balance sheets of Entone Technologies, Inc. as of September 30, 2006 and 2005 and the related consolidated statements of operations and cash flows for the six months ended September 30, 2006 and 2005.
99.4	Unaudited pro forma condensed combined balance sheet of Harmonic Inc. as of September 29, 2006 and the related pro forma condensed combined statements of operations for the nine months ended September 29, 2006 and the year ended December 31, 2005.

* Previously filed as an Exhibit to the original Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARMONIC INC.

Date: February 21, 2007

By: /s/ Robin N. Dickson
Robin N. Dickson
Chief Financial Officer

EXHIBIT INDEX

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* Previously filed as an Exhibit to the original Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2006.

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements of Harmonic Inc. on Form S-8 (Nos. 333-91464, 333-87420, 333-59248, 333-65051, 333-44265, 333-38025, 333-136425, 333-116467, 333-105873, 333-43160, 333-866449 and 333-941380) and on Form S-3 (Nos. 333-43903, 333-44748 and 333-123823) of our report dated November 22, 2006 appearing in this Form 8-K/A, with respect to the consolidated financial statements of Entone Technologies, Inc. and subsidiaries as of and for the years ended March 31, 2006 and 2005.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

San Jose, California
February 21, 2007

Exhibit 99.2

Audited Consolidated Financial Statements

Entone Technologies, Inc. and Subsidiaries
Years Ended March 31, 2006 and 2005

Entone Technologies, Inc.
and Subsidiaries

Audited Consolidated Financial Statements

As of March 31, 2006 and 2005 and the Years Ended March 31, 2006 and 2005

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Entone Technologies, Inc.:

We have audited the accompanying consolidated balance sheets of Entone Technologies, Inc. and subsidiaries (the "Company") as of March 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

November 22, 2006
San Jose, California

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2006 AND 2005

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,769,011	$ 9,183,493
Accounts receivable	807,028	267,697
Inventories	1,031,439	459,146
Deferred costs	1,139,657	—
Prepaid expenses and other	369,831	310,784
Total current assets	7,116,966	10,221,120
Property and equipment—net	675,166	510,342
Restricted cash	46,000	46,000
TOTAL	$ 7,838,132	$ 10,777,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,472,578	$ 258,568
Accrued payroll and related benefits	547,271	398,299
Accrued and other current liabilities	362,594	171,989
Deferred revenue	2,330,789	406,633
Total current liabilities	4,713,232	1,235,489
Comments and contingencies (Notes 4 and 6)		
STOCKHOLDERS' EQUITY:		
Series A, convertible preferred stock, $0.0001 par value, 253,333 shares authorized; shares issued and outstanding: 253,333 in 2006 and 2005 (aggregate liquidation value $2,012,123)	25	25
Series B, convertible preferred stock, $0.0001 par value, 17,500,0000 authorized; shares issued and outstanding: 16,000,000 in 2006 and 2005 (aggregate liquidation value $16,000,000)	1,600	1,600
Common stock, $0.0001 par value, 12,246,667 shares authorized; 4,090,000 shares issued and outstanding in 2006 and 2005	409	409
Additional paid-in capital	23,701,097	23,701,097
Treasury shares	(1,877)	—
Notes receivable from shareholders	(200,000)	(200,000)
Accumulated deficit	(20,376,354)	(13,961,158)
Total stockholders' equity	3,124,900	9,541,973
TOTAL	$ 7,838,132	$ 10,777,462

See notes to consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	2006	2005
Revenues	$ 3,209,738	$ 743,038
Cost of revenues	1,567,233	310,143
Gross profit	1,642,505	432,895
Costs and expenses:		
Research and development	2,980,056	2,209,011
Sales and marketing	3,366,943	1,869,537
General and administrative	1,799,255	1,187,169
Total costs and expenses	8,146,254	5,265,717
Loss from operations	(6,503,749)	(4,832,822)
Interest income—net	94,788	140,435
Loss before income taxes	(6,408,961)	(4,692,387)
Provision for income taxes	(6,235)	(7,575)
Net loss	$(6,415,196)	$(4,699,962)

See notes to consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	Convertible Preferred Stock		Common Stock		Additional		Shareholder		
	Shares	Amount	Shares	Amount	Paid-In Capital	Treasury Shares	Note Receivable	Accumulated Deficit	Total
Balance—April 1, 2004	16,253,333	$ 1,625	4,090,000	$ 409	$23,701,097	$ —	$(200,000)	$ (9,261,196)	$14,241,935
Net loss								(4,699,962)	(4,699,962)
Balance—March 31, 2005	16,253,333	1,625	4,090,000	409	23,701,097		(200,000)	(13,961,158)	9,541,973
Treasury shares						(1,877)			(1,877)
Net loss								(6,415,196)	(6,415,196)
Balance—March 31, 2006	16,253,333	$ 1,625	4,090,000	$ 409	$23,701,097	$(1,877)	$(200,000)	$(20,376,354)	$ 3,124,900

See notes to consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

	2006	2005
Cash flows from operating activities:		
Net loss	$(6,415,196)	$ (4,699,962)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	296,559	233,286
Fixed assets written off	91,471	135,337
Changes in operating assets and liabilities:		
Accounts receivable	(539,331)	(156,372)
Inventories	(572,293)	(325,394)
Deferred costs	(1,139,657)	—
Prepaid expenses and other assets	(59,047)	(158,260)
Accounts payable	1,214,010	(122,532)
Accrued payroll and related benefits	148,972	86,872
Accrued and other liabilities	190,605	297,634
Deferred revenue	1,924,156	385,788
Net cash used in operating activities	(4,859,751)	(4,323,603)
Cash flows from investing activities:		
Purchases of property and equipment	(552,854)	(570,448)
Restricted cash—increase	—	(46,000)
Cash used in investing activities	(552,854)	(616,448)
Cash flows from financing activity—Repurchase of common shares	(1,877)	—
Net decrease in cash and cash equivalents	(5,414,482)	(4,940,051)
Cash and cash equivalents —Beginning of year	9,183,493	14,123,544
Cash and cash equivalents —End of year	$ 3,769,011	$ 9,183,493

See notes to consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED MARCH 31, 2006 AND 2005

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Entone Technologies, Inc., a Delaware corporation, was established in September 2003 and is the parent company for both Entone Technologies Limited, a corporation registered in Hong Kong, and Entone Technologies, Inc., a Nevada corporation (collectively, the "Company"). Entone Technologies Limited is primarily a research and development facility and it also provides sales and marketing services for the Company. Entone Technologies, Inc., a Nevada corporation, was established to provide a legal presence in the United States of America in the years prior to the incorporation of the Delaware corporation and provided limited marketing and sales services.

The Company has two core products groups, video on demand ("VOD") server software and customer premise equipment ("CPE") hardware.

The Company's StreamLiner VOD server software enables the delivery of personalized television services, such as movies on demand and time-shifted television.

The Company's flagship CPE product is the Hydra IP Video Gateway ("Hydra"). Hydra distributes video signals throughout the home over existing networks such as coaxial cabling.

Entone Technologies Limited was founded in 1999 in Hong Kong.

Basis of Presentation—The consolidated financial statements include Entone Technologies, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates—Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Cash and Cash Equivalents—The Company considers all highly liquid investments purchased with original or remaining maturities of less than three months at the date of purchase to be cash equivalents.

Inventories—Inventories are recorded at the lower of cost or market value or standard cost basis (which approximates weighted-average cost).

Concentration of Credit Risk—Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. The Company's cash equivalents consist of checking accounts and money market accounts. The Company's accounts receivables are from telecommunication companies that provide telephone, date, voice, video, and broadband services.

Three customers represented approximately 66.1%, 11.8%, and 7.1% of the Company's net accounts receivable for the year ended March 31, 2006. For the year ended March 31, 2005, three customers represented approximately 42.7%, 27.3%, and 18.7% of the Company's net accounts receivable.

Certain Significant Risks and Uncertainties—The Company operates in a rapidly changing environment, and accordingly, can be affected by a variety of factors. For example, management of the Company believes that changes in any of the following areas could have a significant negative effect on the Company in terms of its future financial position, results of operations or cash flows: ability to increase revenues, the hiring, training, and retention of key employees; market acceptance of the Company's products and services; arbitration, litigation, or other claims against the Company; changes in the regulatory environment; product introductions by competitors and price competition; and the ability to obtain additional financing to grow.

Property and Equipment—Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of three to five years. Leasehold improvements are amortized over the shorter of the lease term or their useful lives.

Revenue Recognition—The Company earns revenue under arrangements with its customers related to the licensing of software, sale of hardware, post-contract customer support, and other service arrangements. The Company's revenues are recognized in conformity with Securities and Exchange Commission Staff Accounting Bulletin No. 104, *Revenue Recognition*, Emerging Issues Task Force ("EITF") Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF 00-21"), and Statement of Position ("SOP") No. 97-2, *Software Revenue Recognition* ("SOP 97-2").

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable, collectibility is probable and when vendor-specific objective evidence ("VSOE"), as required under SOP 97-2 or objective evidence ("OE") as required under EITF 00-21, exists to allocate a portion of the total fee to any undelivered elements of the arrangement. For sales arrangements where VSOE or OE does not exist for undelivered elements, revenue is deferred and recognized ratably over the period related to providing services in connection with the undelivered elements.

Software Development Costs—Costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*. The costs to develop such software have not been capitalized as the Company believes its current software development process is essentially completed concurrent with the establishment of technological feasibility.

Income Taxes—The Company accounts for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax reporting purposes, net operating loss carryforwards, and other tax credits measured by applying currently enacted tax laws. Valuation allowances are provided when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized.

Stock-Based Compensation—The Company accounts for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees*, and complies with the disclosure only provisions of SFAS No. 123 ("SFAS 123"), *Accounting for Stock-Based Compensation*, as amended by SFAS No. 148.

Under APB 25, compensation expense is based on the difference, if any, on the date of the grant between the estimated fair value of the Company's stock and the exercise price.

Pro forma information regarding net loss is required by SFAS 123, which also requires that the information be determined as if the Company has accounted for its employee stock options granted under the fair value method of SFAS 123. The fair values of the stock options are estimated on grant date for employees using the Black-Scholes option-pricing model with the following weighted-average assumptions.

	2006	2005
Dividend yield	—%	—%
Expected volatility	N/A	N/A
Risk-free interest rate	4.72	4.17
Expected life in years	5	5

The Company applies APB 25 in accounting for its plan for employees and directors, and accordingly no compensation cost has been recognized in the financial statements for these stock options. Had the compensation cost for the Company been determined based on the fair value at the grant date for its stock options under SFAS 123, the Company's net loss would have been increased to pro forma amounts indicated below:

	2006	2005
As reported	$(6,415,196)	$(4,699,962)
Pro forma	(6,432,816)	(4,727,057)

Comprehensive Loss—There are no differences between comprehensive loss as defined by SFAS No. 130, *Reporting Comprehensive Income,* and net loss as reported in the Company's statements of operations.

Recently Issued Accounting Pronouncement—On December 16, 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 123 (revised 2004), *Share-Based Payment* ("SFAS 123R"). SFAS 123R eliminates the alternative of applying the intrinsic value measurement provisions of APB 25 to stock-based compensation awards issued to employees. Rather, SFAS 123R requires enterprises to measure the cost of employee services received in exchange for an award of equity instruments generally based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). The Company has not yet quantified the effects of adopting SFAS 123R, but it is expected that the new standard will result in significant stock-based compensation expense. The effects of adopting SFAS 123R will be dependent on numerous factors including, but not limited to, the valuation model chosen by the Company to value stock-based awards; the assumed award forfeiture rate; and the accounting policies adopted concerning the method of recognizing the fair value of awards over the requisite service period. SFAS 123R will be effective for the Company's fiscal year beginning April 1, 2006. The new standard will be applied to new awards and to awards modified, repurchased, or cancelled after the date of adoption.

In March 2005, FASB issued FASB Interpretation No. 47 ("FIN 47"), *Accounting for Asset Retirement Obligations—an interpretation of FASB Statement No. 143*. FIN 47 requires an entity to recognize a liability for the fair value if a conditional asset retirement obligation in the period in which it is incurred if the liability's fair value can be reasonably estimated. FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, *Accounting for Conditional Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The adoption of FIN 47 as of March 31, 2006, did not have a material impact on the Company's financial position, results of operations, or cash flows.

2. BALANCE SHEET DETAILS

Balance sheet details as of March 31, 2006 and 2005, are as follows:

Property and Equipment

	2006	2005
Equipment and software	$ 854,970	$ 1,304,239
Furniture and fixtures	47,354	77,028
Leasehold improvements	96,169	162,163
Vehicle	7,318	7,318
Total	1,005,811	1,550,748
Accumulated depreciation and amortization	(330,645)	(1,040,406)
Property and equipment—net	$ 675,166	$ 510,342

Inventories—Inventories consist mainly of finished goods.

Deferred Revenue and Deferred Costs—The Company recognizes revenue under the provisions of SOP 97-2 and EITF 00-21. As of March 31, 2006, the Company had deferred revenue and related deferred costs of $2,330,789 and $1,139,657, respectively. Revenue was deferred in certain transactions due to the lack of VSOE or OE for certain undelivered elements. Deferred revenue is recognized ratably over a 12-month period related to providing services in connection with the undelivered elements.

3. Notes receivable from shareholders

In October 2003, the Company entered into three nonrecourse promissory notes with three shareholders for $67,600, $66,200, and $66,200, respectively. These promissory notes are secured by the common stock of the Company owned by the three shareholders. The promissory notes are noninterest-bearing and due no later than 10 years from October 2003. The promissory notes require the payment of a Loan Origination Fee ("LOF") of $33,800, $33,100, and $33,100, respectively, in addition to the payment of the principal. The LOF is payable at the time of the settlement of the principal balance and is payable in proportion to the amount of principal being paid. The notes receivable are recorded in the accompanying consolidated balance sheets as a reduction to stockholders' equity.

4. STOCKHOLDERS' EQUITY

Convertible Preferred Stock—Significant terms of the convertible preferred stock are as follows:

Each share is convertible into one share of common stock at the option of the holder (subject to adjustment for events of dilution). Shares automatically convert upon (i) consent of greater than 60% of the holders of preferred shares outstanding, or (ii) a public offering of common stock with gross proceeds of at least $20,000,000.

Each share has voting rights equivalent to the number of shares of common stock into which it is convertible.

Holders of convertible preferred stock are entitled to receive annual noncumulative dividends at a rate of 8% of the original issuance price per share, when and if declared by the Board of Directors, before any dividends to common stock. No dividends have been declared from inception through March 31, 2006.

In the event of liquidation, dissolution, or winding up of the Company, Series A and Series B preferred stockholders are entitled to receive an amount of $7.9426 and $1.00 per share, respectively, plus any declared but unpaid dividends prior to any distribution to the common stockholders. After payments to the preferred stockholders, any remaining assets will be distributed ratably among all common stockholders.

Common Stock—Under the terms of restricted stock purchase agreements with employees for 2,000,000 shares of common stock, the Company has the right to repurchase unvested shares at the original issue price in the event of employee termination. The repurchase rights generally lapse over a four-year period. All shares are released from the repurchase right upon the first sale of common stock of the Company to the general public. At March 31, 2006, 791,667 common shares are subject to repurchase rights until October 22, 2007.

Stock Options—At inception of the incentive stock options plan, 2,975,000 shares of common stock have been reserved for issuance to employees or consultants under the 2003 Stock Plan (the "Plan"). Options may be either incentive or nonqualified stock options and generally become exercisable over a five-year period as determined by the Board of Directors. If unexercised, options will expire upon the earlier of 10 years and 1 day from the date of grant or 1 month after termination as an employee or service provider of the Company.

Activity in the Plan was as follows:

	Shares Available for Grant	Options		
			Exercise Price Per Share	
		Number Outstanding	Actual	Weighted Average
Balance—April 1, 2004	2,213,000	762,000	$0.15–$1.00	$ 0.19
Additional authorized				
Granted	(1,085,600)	1,085,600	0.15	0.15
Terminated	197,062	(197,062)	0.15	0.15
Balance—March 31, 2005	1,324,462	1,650,538	0.15–1.00	0.17
Additional authorized				
Granted	(1,151,980)	1,151,980	0.05–.16	0.11
Terminated	247,233	(247,233)	0.15	0.15
Balance—March 31, 2006	419,715	2,555,285	0.15–1.00	0.14

Shares Reserved for Future Issuance—At March 31, 2006, the Company has reserved shares of common stock for future issuance as follows:

Convertible preferred stock	16,253,333
Stock options outstanding	2,555,285
Stock options available for grant	419,715
Total	19,228,333

5. LEASES

Rent expense for the years ended March 31, 2006 and 2005, was $298,232 and $142,916, respectively.

In April 2005, the Company executed a lease agreement for a new location in Hong Kong. The agreement between Benington Limited /Renaissance City Development Company Limited and Entone Technologies Limited provides for a 33-month lease period and includes a lease term beginning May 1, 2005, and ending on January 31, 2008. Rent expense, including base monthly rent and monthly management fee, for the fiscal years ending March 31, 2006, 2007, and 2008 are $191,784, $209,219, and $174,349, respectively. The agreement provides an option to renew for an additional three-year period.

In April 2006, the Company executed a lease agreement for a new location in San Mateo, California. The agreement between EOP-Peninsula Office Park, LLC and Entone Technologies, Inc. provides for a 24-month lease period and includes a lease term beginning June 1, 2006, and ending on May 31, 2008. Rent expense for the fiscal years ending March 31, 2007, 2008, and 2009 are $74,110, $96,068, and $16,126, respectively. The agreement provides an option to renew for an additional one-year period.

6. INCOME TAXES

At March 31, 2006 and 2005, the provision for income taxes consists of the following:

	2006	2005
Current:		
Federal	$ —	$ —
State	6,235	7,575
Foreign	—	—
Total current	6,235	7,575
Deferred:		
Federal	—	—
State	—	—
Foreign	—	—
Total deferred	—	—
Provision for income taxes	$6,235	$7,575

A reconciliation of the income tax provision at the federal statutory rate to the income tax provision at the effective rate is as follows:

Federal income tax provision at statutory rates	$(1,098,000)	$ (582,000)
Foreign income tax provision at statutory rates	(545,000)	(482,000)
Benefit for state income tax—net of federal effect	(188,000)	(94,000)
Valuation allowance	1,773,000	1,106,000
Effect of nondeductible expenses	90,000	57,000
Other	(25,765)	2,575
	$ 6,235	$ 7,575

As of March 31, 2006 and 2005, the significant components of deferred taxes consist of the following:

	2006	2005
Deferred tax assets:		
Accrued expenses	$ 128,000	$ 54,000
Net operating losses	4,685,000	2,982,000
Total deferred tax assets	4,813,000	3,036,000
Valuation allowance	(4,763,000)	(2,990,000)
Net deferred tax assets	50,000	46,000
Deferred tax liabilities—depreciation	(50,000)	(46,000)
Net deferred tax assets (liabilities)	$ —	$ —

As of March 31, 2006, the Company has approximately $5.3 million of federal and state net operating loss carryforwards available to offset future taxable income. The carryforwards expire at varying amounts beginning in 2023 for federal purposes, and 2013 for state purposes. In addition, the Company has net operating loss carryforwards of approximately $14.8 million generated in a foreign jurisdiction, which can be utilized to offset future taxable income in the foreign jurisdiction. There is no expiration date for the foreign net operating loss carryforwards.

Realization of deferred tax assets is dependent upon future U.S. and certain foreign taxable income, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $1.8 million and $1.1 million during the years ended March 31, 2006 and 2005, respectively.

The Tax Reform Act of 1986 and California Conformity Act of 1987 impose substantial restrictions on the utilization of net operating loss and tax carryforwards in the event of an "ownership change" as defined by the Internal Revenue Code. Any such ownership change would significantly limit the Company's ability to utilize its tax carryforwards.

7. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) defined contribution plan covering substantially all employees of Entone Technologies, Inc., a Delaware corporation. As allowed under Section 401(k) of the Internal Revenue Code, the plan provides tax-deferred salary deductions for eligible employees.

Eligible employees may contribute up to the maximum amount set periodically by the Internal Revenue Service. The plan also allows for discretionary employer contributions. No contributions were made by the Company for the years ended March 31, 2006 and March 31, 2005.

For employees of Entone Technologies Limited, a Hong Kong corporation, employees are covered by the mandatory employer contributions to the Mandatory Provident Fund ("MPF"). The Company contributed $69,159 to the MPF during the year ended March 31, 2006, and $40,780 during the year ended March 31, 2005.

8. SUBSEQUENT EVENT

On August 21, 2006, the Company entered into a definitive agreement to sell its VOD business to Harmonic, Inc. ("Harmonic"). At the closing, Harmonic would acquire the VOD business through the acquisition of the Company's shares in a merger with a subsidiary of Harmonic. Prior to the merger, the Company intends to spin off its CPE business into a new operating entity. The transaction is projected to be completed in the fourth quarter of 2006.

Exhibit 99.3

Condensed Consolidated Financial Statements (Unaudited)

Entone Technologies, Inc. and Subsidiaries
Six Months Ended September 30, 2006 and 2005

Entone Technologies, Inc.
and Subsidiaries

Condensed Consolidated Financial Statements (Unaudited)

As of September 30, 2006 and the Six Months Ended September 30, 2006 and 2005

Contents

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except par value amounts)	September 30, 2006	March 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33	$ 3,769
Accounts receivable	686	807
Inventories	656	1,031
Deferred costs	1,421	1,140
Prepaid expenses and other current assets	548	370
Total current assets	3,344	7,117
Property and equipment, net	747	675
Restricted cash	—	46
Total assets	$ 4,091	$ 7,838
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,075	$ 1,472
Accrued payroll and related benefits	437	547
Accrued and other current liabilities	599	363
Deferred revenue	2,133	2,331
Total current liabilities	4,244	4,713
Commitments and contingencies (Notes 6 and 8)		
Stockholders' equity:		
Series A, preferred stock, $0.0001 par value, 253 shares authorized; shares issued and outstanding: 253 at September 30, 2006 and March 31, 2006 (aggregate liquidation value $2,012)	—	—
Series B, preferred stock, $0.0001 par value, 17,500 authorized, shares issued and outstanding: 16,000 at September 30, 2006 and March 31, 2006 (aggregate liquidation value $16,000)	2	2
Common stock, $0.0001 par value, 12,247 shares authorized; 4,090 shares issued and outstanding at September 30, 2006 and March 31, 2006	—	—
Additional paid-in-capital	23,707	23,701
Treasury shares	(2)	(2)
Notes receivable from shareholders	(200)	(200)
Accumulated deficit	(23,660)	(20,376)
Total stockholders' equity (deficit)	(153)	3,125
Total liabilities and stockholders' equity	$ 4,091	$ 7,838

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)	Six Months Ended September 30, 2006	Six Months Ended September 30, 2005
Net sales	$ 3,290	$ 1,977
Cost of sales	1,739	834
Gross profit	1,551	1,143
Operating expenses:		
Research and development	2,320	1,802
Selling, general and administrative	2,529	1,839
Total operating expenses	4,849	3,641
Loss from operations	(3,298)	(2,498)
Interest income, net	20	58
Loss before income taxes	(3,278)	(2,440)
Provision for income taxes	6	4
Net loss	$ (3,284)	$ (2,444)

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Six Months Ended September 30, 2006	Six Months Ended September 30, 2005
Cash flows from operating activities:		
Net loss	$ (3,284)	$ (2,444)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	155	56
Stock-based compensation	—	—
Changes in assets and liabilities, net of effect of acquisition:		
Accounts receivable	121	(267)
Inventories	376	(203)
Deferred costs	(282)	(168)
Prepaid expenses and other assets	(178)	(49)
Accounts payable	(398)	(75)
Accrued payroll and related benefits	(110)	30
Deferred revenue	(198)	371
Accrued and other liabilities	237	14
Net cash used in operating activities	(3,561)	(2,735)
Cash flows from investing activities:		
Acquisition of property and equipment	(227)	(273)
Net cash used in investing activities	(227)	(273)
Cash flows from financing activities:		
Repurchase of common stock	—	(2)
Proceeds from issuance of common stock	6	—
Release of restricted cash	46	—
Net cash provided by (used in) financing activities	52	(2)
Net decrease in cash and cash equivalents	(3,736)	(3,010)
Cash and cash equivalents at beginning of period	3,769	9,183
Cash and cash equivalents at end of period	$ 33	$ 6,173

The accompanying notes are an integral part of these condensed consolidated financial statements.

ENTONE TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1: Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which Entone Technologies, Inc. (the "Company") considers necessary for a fair statement of the results of operations for the interim periods covered and the consolidated financial condition of the Company at the date of the balance sheets. This interim financial information should be read in conjunction with the Company's audited consolidated financial statements contained in Exhibit 99.2 contained in this Form 8-K/A filing. The interim results presented herein are not necessarily indicative of the results of operations that may be expected for any other future period. The Company's fiscal quarters end on the calendar quarter end.

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Stock-based Compensation

On April 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment," ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors, including employee stock options based upon the grant-date fair value of those awards. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations, and provided the required pro forma disclosures prescribed by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") as amended. In addition, we have applied the provisions of Staff Accounting Bulletin No. 107 ("SAB 107"), issued by the Securities and Exchange Commission, in our adoption of SFAS No. 123(R).

The Company adopted SFAS 123(R) using the prospective transition method, which requires the application of the accounting standard as of April 1, 2006, the first day of the Company's fiscal year 2006. The Company's Condensed Consolidated Financial Statements as of and for the six months ended September 30, 2006 reflect the impact of SFAS 123(R). In accordance with the prospective transition method, the Company's Condensed Consolidated Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Stock-based compensation expense recognized under SFAS 123(R) for the six months ended

September 30, 2006 was insignificant and consisted of stock-based compensation expense related to employee equity awards. There was no stock-based compensation expense related to employee equity awards recognized during the six months ended September 30, 2005.

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period in the Company's Condensed Consolidated Statement of Operations. Prior to the adoption of SFAS 123(R), the Company accounted for employee equity awards using the intrinsic value method in accordance with APB 25 as allowed under SFAS 123. Under the intrinsic value method, no stock-based compensation expense had been recognized in the Company's Condensed Consolidated Statement of Operations because the exercise price of the Company's stock options granted to employees and directors equaled the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company's Condensed Consolidated Statement of Operations for the six months ended September 30, 2006 included compensation expense for share-based payment awards granted subsequent to March 31, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Compensation expense for all share-based payment awards granted on or prior to March 31, 2006 will not be recognized as expense since the company was private.

As stock-based compensation expense recognized in our results for the six months ended September 30, 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Prior to fiscal year 2006, we accounted for forfeitures as they occurred for the purposes of pro forma information under SFAS 123.

The fair value of share-based payment awards is estimated at grant date using a Black-Scholes option pricing model. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the actual and projected employee stock option exercise behaviors.

The Company currently does not expect to receive any tax benefits in fiscal 2006 for any expense deductions resulting from expensing of stock options. On November 10, 2005 the FASB issued FASB Staff Position No. FSP FAS 123(R)-3, *Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards*. Entone currently provides a valuation allowance for its deferred tax assets, and a valuation allowance has also been provided for deferred tax assets related to nonqualified stock options.

Note 3: Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original or remaining maturities of less than three months at the date of purchase to be cash equivalents.

Note 4: Inventories

Inventories are recorded at the lower of cost, using the weighted average method, or market. Inventories consist mainly of finished goods.

Note 5: Benefit Plans

The Company has a 401(k) defined contribution plan covering substantially all employees of Entone Technologies, Inc., a Delaware corporation. As allowed under Section 401(k) of the Internal Revenue Code, the plan provides tax-deferred salary deductions for eligible employees. Eligible employees may contribute up to the maximum amount set periodically by the Internal Revenue Service. The plan also allows for discretionary employer contributions. No contributions were made by the Company for the six months ended September 30, 2006 and 2005.

For employees of Entone Technologies Limited, a Hong Kong corporation, employees are covered by the mandatory employer contributions to the Mandatory Provident Fund ("MPF"). The Company contributed $40 thousand and $31 thousand to the MPF during the six months ended September 30, 2006 and 2005, respectively.

Note 6: Stockholders' Equity

Convertible Preferred Stock. Significant terms of the convertible preferred stock are as follows:

- Each share is convertible into one share of common stock at the option of the holder (subject to adjustment for events of dilution). Shares automatically convert upon (i) consent of greater than 60% of the holders of preferred shares outstanding, or (ii) a public offering of common stock with gross proceeds of at least $20,000,000.
- Each share has voting rights equivalent to the number of shares of common stock into which it is convertible.
- Holders of convertible preferred stock are entitled to receive annual noncumulative dividends at a rate of 8% of the original issuance price per share, when and if declared by the Board of Directors, before any dividends to common stock. No dividends have been declared from inception through September 30, 2006.
- In the event of liquidation, dissolution, or winding up of the Company, Series A and Series B preferred stockholders are entitled to receive an amount of $7.9426 and $1.00 per share, respectively, plus any declared but unpaid dividends prior to any distribution to the common stockholders. After payments to the preferred stockholders, any remaining assets will be distributed ratably among all common stockholders.

Common Stock. Under the terms of restricted stock purchase agreements with employees for 2,000,000 shares of common stock, the Company has the right to repurchase unvested shares at the original issue price in the event of employee termination. The repurchase rights generally lapse over a four-year period. All shares are released from the repurchase right upon the first sale of common stock of the Company to the general public. At September 30, 2006 and 2005, 541,643 and 1,041,623 common shares, respectively, are subject to repurchase rights until October 22, 2007.

Stock Options. At inception of the incentive stock options plan, 2,975,000 shares of common stock have been reserved for issuance to employees or consultants under the 2003 Stock Plan (the

“Plan”). Options may be either incentive or nonqualified stock options and generally become exercisable over a five-year period as determined by the Board of Directors. If unexercised, options will expire upon the earlier of 10 years and 1 day from the date of grant or 1 month after termination as an employee or service provider of the Company.

The following table summarizes activities under the Plan:

(In thousands, except exercise price)	Shares Available for Grant	Stock Options Outstanding	Weighted Average Exercise Price
Balance at March 31, 2006	420	2,555	$ 0.14
Options granted	(40)	40	$ 0.16
Options exercised	—	(40)	$ 0.15
Options forfeited	149	(149)	$ 0.15
Balance at September 30, 2006	529	2,406	$ 0.14
Options vested and exercisable as of September 30, 2006		1,181	$ 0.13
Options vested and expected-to-vest as of September 30, 2006		1,316	$ 0.16

The weighted-average fair value of options granted for the six months ended September 30, 2006 was $0.03.

The following table summarizes information regarding stock options outstanding at September 30, 2006:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Number Outstanding at September 30, 2006	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable at September 30, 2006	Weighted Average Exercise Price
	(In thousands, except exercise price and life)				
$0.05 — $0.16	2,366	8.0	$ 0.13	1,141	$ 0.13
$1.00	40	7.1	$ 1.00	40	$ 1.00
	2,406	8.0	$ 0.15	1,181	$ 0.14

The weighted-average remaining contractual life for all exercisable stock options at September 30, 2006 was 6.8 years. The weighted-average remaining contractual life of all vested and expected-to-vest stock options at September 30, 2006 was 6.6 years.

The aggregate pre-tax intrinsic value of options outstanding, exercisable, vested and expected-to-vest, net of estimated forfeitures, at September 30, 2006 can not be determined based on the inability to establish a reliable market value on the common stock. Aggregate pre-tax intrinsic value represents the difference between the closing price on the last trading day of the fiscal period, and the exercise price multiplied by the number of options outstanding or exercisable. The intrinsic value of exercised stock options is calculated based on the difference between the exercise price and the quoted market price of our common stock as of the close of the exercise date. The aggregate intrinsic value of exercised stock options during the six months ended September 30, 2006 cannot be determined due to the inability to establish a reliable market value on the common stock.

Shares Reserved for Future Issuance—At September 30, 2006, the Company has reserved shares of common stock for future issuance as follows:

	Common stock reserved
Convertible preferred stock	16,253,333
Stock options outstanding	2,405,825
Stock options available for grant	529,175
Total	19,188,333

Stock-based Compensation

The stock-based compensation expense as a result of the adoption of SFAS 123(R) for the six months ended September 30, 2006 was insignificant. The following table reflects the net loss and pro forma information for the six months ended September 30, 2005:

(In thousands)	**Six Months Ended September 30, 2005**
Net loss, before stock-based compensation for employees:	$ (2,444)
Less: Stock-based compensation expense previously determined under fair value based method, net of related tax effects	(11)
Net loss, after effect of stock-based compensation for employees	$ (2,455)

As of September 30, 2006, total unamortized stock-based compensation cost related to unvested stock options was $1 thousand, with the weighted average recognition period of 3.6 years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes multiple option pricing model with the following weighted average assumptions:

	Employee Stock Options Six Months Ended	
	September 30, 2006	**September 30, 2005**
Expected life (years)	4.75	5.0
Volatility	N/A	N/A
Risk-free interest rate	5.0%	4.7%
Dividend yield	0.0%	0.0%

The expected term for employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. We derived the expected term using the SAB 107 simplified method.

Since the Company is private and there is no public market for the Company's common stock, we are unable to determine the fair market value of the common stock. As a result, the Company has used the minimum value method in the calculation of the fair value of the options.

The risk-free interest rate assumption is based upon observed interest rates appropriate for the term of our employee stock options. The dividend yield assumption is based on our history and expectation of dividend payouts.

Note 7: Comprehensive Income (Loss)

There are no differences between comprehensive loss as defined by SFAS No. 130, *Reporting Comprehensive Income,* and net loss as reported in the Company's statements of operations.

Note 8: Guarantees

Warranties. The Company does not accrue for estimated warranty costs for sales without a maintenance support agreement at the time of product shipment, and revenue is deferred and recognized ratably over the warranty period, which is usually three months.

Indemnification Obligations. Entone is obligated to indemnify its officers and the members of its Board of Directors pursuant to its bylaws and contractual indemnity agreements. Entone also indemnifies some of its suppliers and customers for specified intellectual property matters pursuant to certain contractual arrangements, subject to certain limitations. The scope of these indemnities varies, but in some instances, includes indemnification for damages and expenses (including reasonable attorneys' fees). There have been no claims against us for indemnification pursuant to any of these arrangements and, accordingly, no amounts have been accrued in respect of the indemnifications provisions through September 30, 2006.

Guarantees. As of September 30, 2006, Entone had no other guarantees outstanding.

Note 9: Subsequent Event

On August 21, 2006, the Company entered into a definitive agreement to sell its VOD business to Harmonic, Inc. ("Harmonic"). At the closing, Harmonic would acquire the VOD business through the acquisition of the Company's shares in a merger with a subsidiary of Harmonic. Prior to the merger, the Company spun off its CPE business into a new operating entity. The merger transaction was completed on December 8, 2006.

Exhibit 99.4

HARMONIC INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on the historical financial statements of Harmonic Inc. ("Harmonic") and Entone Technologies, Inc. ("Entone") after giving effect to the acquisition of Entone ("Acquisition") on December 8, 2006, using the purchase method of accounting, and applying the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements reflect the conversion of all outstanding shares of Entone common stock into (a) an aggregate of 3,579,715 shares of Harmonic common stock and (b) cash payments to Entone stockholders in the aggregate amount of $26.2 million. In addition, the unaudited pro forma condensed combined financial statements reflect the conversion of all outstanding Entone options for continuing employees into an aggregate of 175,342 options to purchase Harmonic common stock, and acquisition related costs of $2.5 million. Pursuant to the terms of the Agreement and Plan of Merger ("Agreement"), Entone's consumer premise equipment ("CPE") business was spun out to Entone's existing stockholders as a separate private company prior to the closing of the Acquisition. As part of the terms of the Agreement, Harmonic is obligated to purchase a convertible note with a face amount of $2.5 million in the new spun off private company subject to its closing of an initial round of equity financing in which at least $4 million is invested by third parties. This amount has not been funded as of February 21, 2007.

The Acquisition has been accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*. Under the purchase method of accounting, the total estimated purchase price, calculated as described in Note 2 (A) to these unaudited pro forma condensed combined financial statements, is allocated to the net tangible liabilities and intangible assets of Entone acquired in connection with the acquisition, based on their estimated fair values, and the excess is allocated to goodwill. Management has made a preliminary allocation of the estimated purchase price to the tangible and intangible assets acquired and liabilities assumed based on various preliminary estimates. The allocation of the estimated purchase price is preliminary pending finalization of various estimates and analyses.

The unaudited pro forma condensed combined financial statements have been prepared by management for illustrative purposes only and are not necessarily indicative of the consolidated results of operations or financial position of Harmonic that would have been reported had the Acquisition been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of Harmonic. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that it may achieve, or any additional expenses that it may incur, with respect to the combined companies. The pro forma adjustments are based on the preliminary information available at the time of the preparation of this Form 8-K/A. The unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with Harmonic's historical consolidated financial statements included in its Annual Report on Form 10-K for its year ended December 31, 2005, filed with the Securities and Exchange Commission (the "SEC") on March 14, 2006, as amended by its Form 10-K/A, filed with the SEC on April 26, 2006, and in its Form 10-Q for its quarter ended September 29, 2006, filed with the SEC on November 8, 2006, and Entone's historical consolidated financial statements for the years ended March 31, 2006 and 2005, and Entone's unaudited historical consolidated financial statements for the six months ended September 30, 2006, which are included as Exhibits 99.2 and 99.3, to this Form 8-K/A.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET

As of September 29, 2006
(in thousands)

	Historical Harmonic	Historical Entone	Entone Assets and Liabilities Not Acquired	Pro Forma Adjustments		Pro Forma Combined
ASSETS						
Current assets:						
Cash and cash equivalents	$ 50,404	$ 33	$ (33)	$ (26,232)	2A	$ 24,172
Investments	60,320	—	—	—		60,320
Accounts receivable	52,423	686	(336)	(31)	2F	52,742
Inventories	35,635	656	(455)	—		35,836
Prepaid expenses and other current assets	16,104	1,969	(1,738)	(179)		16,156
Total current assets	214,886	3,344	(2,562)	(26,442)		189,226
Property and equipment, net	14,943	747	(347)	(11)	2F	15,332
Goodwill	4,614	—	—	32,116	2B	36,730
Intangible assets, net	1,218	—	—	16,900	2B	18,118
Other assets	1,406	—	—			1,406
Total assets	$ 237,067	$ 4,091	$ (2,909)	$ 22,563		$ 260,812
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Current portion of long-term debt	$ 596	$ —	$ —	$ —		$ 596
Accounts payable	22,864	1,075	(745)	234	2A	23,397
				(31)	2F	
Income taxes payable	6,952	—		—		6,952
Deferred revenue	23,019	2,133	(1,301)	(672)	2D	23,179
Accrued and other current liabilities	40,990	1,036	(479)	2,249	2A	43,796
Total current liabilities	94,421	4,244	(2,525)	1,780		97,920
Long-term debt, less current portion	61	—	—	—		61
Accrued excess facilities, long-term	17,889	—	—	—		17,889
Other non-current liabilities	7,020	—	—	—		7,020
Total liabilities	119,391	4,244	(2,525)	1,780		122,890
Stockholders' equity:						
Preferred stock	—	2	—	(2)	2D	—
Common stock	75	—	—	4	2A	79
Additional paid-in-capital	2,056,519	23,707	—	20,014	2A	2,076,761
				228	2A	
				(23,707)	2D	
Treasury shares	—	(2)	—	2	2D	—
Notes receivable from stockholders	—	(200)	—	200	2D	—
Accumulated deficit	(1,938,750)	(23,660)	(384)	24,044	2D	(1,938,750)
Accumulated other comprehensive loss	(168)		—	—		(168)
Total stockholders' equity (deficit)	117,676	(153)	(384)	20,783		137,922
Total liabilities and stockholders' equity	$ 237,067	$ 4,091	$ (2,909)	$ 22,563		$ 260,812

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS

For the Nine Months Ended September 29, 2006
(in thousands, except per share data)

	Historical		CPE Business Not Acquired	Pro Forma Adjustments		Pro Forma Combined
	Harmonic	Entone				
Revenue	$172,346	$ 3,923	$ (1,385)	$ (31)	2F	$ 174,853
Cost of sales	101,064	2,206	(1,312)	2,894	2B	104,832
				(20)	2F	
Gross profit	71,282	1,717	(73)	(2,905)		70,021
Operating expenses:						
Research and development	29,554	2,460	(1,333)	—		30,681
Selling, general and administrative	48,623	4,923	(1,734)	—		51,812
Amortization of intangibles	179	—		332	2B	511
Total operating expenses	78,356	7,383	(3,067)	332		83,004
Loss from operations	(7,074)	(5,666)	2,994	(3,237)		(12,983)
Interest income, net	3,349	37	(22)	(557)	2E	2,807
Other income (expense), net	173	—		—		173
Loss before taxes	(3,552)	(5,629)	2,972	(3,794)		(10,003)
Provision for taxes	482	7	(5)	—		484
Net loss	$ (4,034)	$ (5,636)	$ 2,977	$ (3,794)		$ (10,487)
Net loss per share, basic and diluted	$ (0.05)					$ (0.13)
Weighted average shares, basic and diluted	74,286					77,866

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED
STATEMENT OF OPERATIONS

For the Year Ended December 31, 2005
(in thousands, except per share data)

	Historical		CPE Business Not Acquired	Pro Forma Adjustments		Pro Forma Combined
	Harmonic	Entone				
Revenue	$257,378	$ 3,210	$ (501)	$ —		$ 260,087
Cost of sales	163,430	1,567	(392)	3,858	2B	168,463
Gross profit	93,948	1,643	(109)	(3,858)		91,624
Operating expenses:						
Research and development	38,168	2,980	(1,557)	—		39,591
Selling, general and administrative	61,475	5,166	(1,832)	—		64,809
Amortization of intangibles	1,349	—	—	444	2B	1,793
Total operating expenses	100,992	8,146	(3,389)	444		106,193
Loss from operations	(7,044)	(6,503)	3,280	(4,302)		(14,569)
Interest income, net	2,665	95	(57)	(1,144)	2E	1,559
Other income (expense), net	(915)	—	—	—		(915)
Loss before taxes	(5,294)	(6,408)	3,223	(5,446)		(13,925)
Provision for taxes	437	6	(3)	—		440
Net loss	$ (5,731)	$ (6,414)	$ 3,226	$ (5,446)		$ (14,365)
Net loss per share, basic and diluted	$ (0.08)					$ (0.19)
Weighted average shares, basic and diluted	73,279					76,858

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

HARMONIC, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Note 1: Basis of Pro Forma Presentation

The unaudited pro forma condensed combined balance sheet as of September 29, 2006 and the unaudited pro forma condensed combined statements of operations for the nine months ended September 29, 2006 and for the year ended December 31, 2005 are based on historical financial statements of Harmonic and Entone after giving effect to the Acquisition, and the assumptions and adjustments described in the notes herein. Entone's fiscal year ends on March 31, and its historical results have been conformed to Harmonic's most recent interim reporting period, which is the nine months ended September 29, 2006, by adding Entone's results for the quarter ended March 31, 2006 to its results for the six months ended September 30, 2006. Entone's results for the year ended March 31, 2006 have been added to Harmonic's results for the year ended December 31, 2005.

The unaudited pro forma condensed combined balance sheet as of September 29, 2006 is presented as if the Acquisition occurred on September 29, 2006.

The unaudited pro forma condensed combined statement of operations of Harmonic and Entone for the nine months ended September 29, 2006 is presented as if the Acquisition had taken place on January 1, 2005.

The unaudited pro forma condensed combined statement of operations of Harmonic and Entone for the year ended December 31, 2005 is presented as if the Acquisition had taken place on January 1, 2005.

The pro forma adjustments are based upon available information and certain assumptions that Harmonic believes are reasonable under the circumstances. A final determination of fair values relating to the merger may differ materially from the preliminary estimates and will include management's final valuation of the fair value of assets acquired and liabilities assumed. This final valuation will be based on the actual net liabilities of Entone that exist as of the date of the completion of the merger. The final valuation may change the allocations of the purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed combined financial statement data. No tax effects has been recorded on the pro forma adjustments due to the cumulative net operating losses outstanding on the combined entity.

The unaudited pro forma condensed combined financial statements have been prepared by management for illustrative purposes only and are not necessarily indicative of the consolidated results of operations or financial position of Hamonic that would have been reported had the Acquisition been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial position of Harmonic. The unaudited pro forma financial statements do not reflect any operating efficiencies and cost savings that we may achieve, or any additional expenses that we may incur, with respect to the combined companies. The pro forma adjustments are based on the preliminary information available at the time of the preparation of this Form 8-K/A. The unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with our historical consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 14, 2006, as amended by our Form 10-K/A filed with the SEC on April 26, 2006, and in our Form 10-Q for our quarter ended September 29, 2006, filed with the SEC on November 8, 2006, and Entone's historical consolidated financial statements for the year ended March 31, 2006, and Entone's unaudited historical consolidated financial statements for the six months ended September 30, 2006, which are included as Exhibits 99.2 and 99.3, to this Form 8-K/A.

Note 2: Pro Forma Adjustments

(A) Purchase Price Adjustments

The purchase price adjustments reflect the issuance of 3,579,715 shares of Harmonic's common stock to Entone stockholders. The fair value of Harmonic's shares issued is based on a per share value of $5.63, which is equal to Harmonic's average closing price per share as reported on the Nasdaq Global Market for the five consecutive trading days ending two business days prior to August 21, 2006, the date of announcement of the Acquisition.

For the purposes of the pro forma financial information, the following table presents the components of the purchase price consideration.

		(In thousands)
Cash consideration for common and preferred stockholders	$	26,232
Fair value of common stock assumed to be issued, net of issuance costs		20,018
Stock options assumed		228
Estimated acquisition related costs		2,483
Total	$	48,961

The estimated acquisition related costs for Harmonic consist primarily of investment banking, legal, accounting fees and other directly related costs. None of the estimated acquisition related costs have been paid and are included on the balance sheet in accounts payable and accrued and other current liabilities.

The fair value of Harmonic's stock options to be issued to Entone employees are valued at $925,000 using the Black-Scholes options pricing model of which $697,000 represents unearned stock-based compensation, which will be recorded as compensation expense as services are provided by the optionholders, and $228,000 was recorded as purchase consideration.

(B) Purchase Price Allocation

The following represents the preliminary allocation of the purchase price to the acquired assets and assumed liabilities of Entone and is for illustrative purposes only. The allocation is preliminary and is based on Entone's assets and liabilities as of September 30, 2006.

			(In thousands)
Net tangible liabilities		$	(55)
Intangible assets:			
Core/existing technology	14,400		
Customer relationship	1,700		
Trademarks/trade names	800		16,900
Goodwill			32,116
Total purchase price		$	48,961

Goodwill represents the excess of the purchase price over the fair value of tangible and identifiable intangible assets. Goodwill of approximately $32.1 million represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Entone's software solutions, which facilitates the provisioning of personalized video services including video-on-demand, network personal video recording, time-shifted television and targeted advertisement insertion, will enable Harmonic to expand the scope of solutions we can offer to cable, satellite and telco/IPTV service providers in order to provide an advanced and uniquely integrated delivery system for the next generation of both broadcast and personalized IP-delivered video services. These opportunities, along with the established Asian-based software development workforce, were significant factors to the establishment of the purchase price, resulting in the amount of goodwill.

Amortization of intangibles has been provided using the following estimated useful lives: core/existing technology — three to four years; customer relationship — six years and trademarks/trade names — five years. The following represents the estimated annual amortization of intangibles for Harmonic:

Fiscal Year	(In Thousands)
Remainder 2006	$ 266
2007	4,302
2008	4,302
2009	4,237
2010	3,094
2011	433
2012	266
Total	$ 16,900

(C) CPE Spin off

On December 8, 2006, Harmonic completed its merger with Entone pursuant to the terms of the Agreement and Plan of Merger ("Agreement") dated August 21, 2006. Under the terms of the Agreement, Entone spun off its consumer premises equipment, or CPE, business into a separate private company prior to the closing of the merger. As part of the terms of the Agreement, Harmonic is obligated to purchase a convertible note with a face amount of $2.5 million in the new spun off private company subject to its closing of an initial round of equity financing in which at least $4 million is invested by third parties. The pro forma condensed combined financial statements include adjustments to remove the CPE business in order to provide a better reflection of the continuing business. The pro forma adjustments for the CPE business includes allocation of operating expenses and other income/(expense) amounts based upon estimates that reasonably reflect the benefit received, such as headcount, occupancy square footage or specific expense identification.

(D) Entone's Net Liabilities

The reduction in Entone's VOD reported deferred revenue at September 30, 2006 of $0.8 million reflects the preliminary estimate of the fair value of Harmonic's legal performance obligation under Entone's software license, maintenance and support contracts, and eliminates historical amounts of Entone's deferred revenue that do not represent a legal performance obligation to Harmonic. The deferred costs of $0.2 million at September 30, 2006 is the value of the inventory associated with the deferred revenue.

Elimination entries were also made for Entone's equity accounts, which included preferred stock, common stock, additional paid-in-capital, notes receivable from stockholders and accumulated deficit.

(E) Purchase financing

The pro forma adjustment represents the reduction in amount of interest income earned on the cash payment of $26.2 million included in the purchase price.

(in thousands, except interest rate)	Amount	Estimated Annual Interest Rate	Decrease in Nine Months Interest Income	Decrease in Annual Interest Income
Cash payment to Entone stockholders	$ 25,777	2.9% - 4.4%	$ 557	$ 1,144

(F) Intercompany sales

The pro forma adjustment represents the elimination of sales and cost of sales for shipments made by Entone to Harmonic. Total sales and cost of sales during the nine months ended September 30, 2006 were $31 thousand and $20 thousand, respectively.