

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

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

April 24, 2003

Date of Report  
(Date of earliest event reported)

**HARMONIC INC.**

(Exact name of Registrant as specified in its charter)

Delaware

**0-25826**

77-0201147

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(State or other jurisdiction of  
incorporation or organization)

**Commission File Number**

(I.R.S. Employer  
Identification Number)

549 Baltic Way  
Sunnyvale, CA 94089  
(408) 542-2500

(Address, including zip code, and telephone number, including area code,  
of Registrant's principal executive offices)

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**Item 7. Financial Statements and Exhibits**

(c) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release of Harmonic Inc., issued on April 24, 2003

**Item 9. Regulation FD Disclosure (Information Also Provided Under Item 12 — Disclosure of Results of Operations and Financial Condition)**

On April 24, 2003, Harmonic Inc. ("Harmonic") is issuing a press release and holding a conference call regarding its financial results for the quarter ended March 28, 2003. A copy of the press release is furnished as Exhibit 99.1 to this report. Harmonic is making forward-looking statements during the conference call and is making reference to non-GAAP financial information in both the press release and the conference call.

**Use of Non-GAAP Financial Information**

To supplement our consolidated financial statements presented in accordance with GAAP, Harmonic uses non-GAAP measures of operating income/loss, net income/loss and earnings/loss per share, which are adjusted from results based on GAAP to exclude certain costs and credits and gains and losses. These non-GAAP adjustments are provided to enhance the user's overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP results provide useful information to both management and investors by excluding certain items that we believe are not indicative of our core operating performance. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting. Further, these non-GAAP results are a primary indicator used by management for planning and forecasting in future periods. The presentation of this additional information is not intended to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States, and is not necessarily comparable to non-GAAP results published by other companies. A table reconciling the non-GAAP results to GAAP results is included in the accompanying press release.

**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: April 24, 2003

By: /s/ ROBIN N. DICKSON

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Robin N. Dickson  
Chief Financial Officer

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<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release of Harmonic Inc., issued on April 24, 2003

[HARMONIC LETTERHEAD]

FOR IMMEDIATE RELEASE

PRESS RELEASE

CONTACTS: Robin N. Dickson  
Chief Financial Officer  
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(408) 542-2760

HARMONIC ANNOUNCES FIRST QUARTER RESULTS

SUNNYVALE, CALIF. - APRIL 24, 2003 - Harmonic Inc. (Nasdaq: HLIT) today announced its results for the quarter ended March 28, 2003.

For the first quarter of 2003, Harmonic reported net sales of \$37.0 million, compared to \$39.3 million in the previous quarter and \$54.0 million in the first quarter of 2002. Domestic sales represented approximately 73% of total sales for the first quarter of 2003.

The CS division, which designs, manufactures and markets digital headend systems for a number of markets, had divisional net sales of \$24.0 million, up from \$21.0 million in the previous quarter. During the first quarter, the Company saw increased shipments to its satellite customers, including sales to major domestic operators as well as a number of international customers.

The BAN division, which designs, manufactures and markets fiber optic products for broadband cable networks, had divisional net sales of approximately \$13.0 million, compared to \$18.3 million in the previous quarter. The decrease in BAN sales was primarily due to unexpected delays in orders from certain customers and general capital spending concerns in light of current conditions in the financial markets. Despite challenging business conditions, Harmonic believes that it has continued to maintain its competitive position in the worldwide cable market.

"Capital spending remained slow worldwide and some of our major domestic cable customers moved even more cautiously than expected in the first quarter," said Anthony J. Ley, Chairman, President and Chief Executive Officer. "Despite the current market uncertainty, we believe cable operators will need to continue their network upgrade programs in order to keep pace with subscriber growth and the demand for more digital video, high-speed data, video-on-demand and HDTV. We are also seeing satellite operators renew their expansion into new markets and extend their local channel and HDTV services. Harmonic remains well-positioned to capitalize on the long-term opportunities across a wide range of broadband markets."

The GAAP net loss for the first quarter of 2003 was \$11.7 million or \$0.19 per share, compared to \$14.0 million or \$0.24 per share for the same period of 2002. The GAAP net loss for the first quarter of 2003 includes a non-cash charge for the amortization of intangibles of \$3.5 million and a credit relating to the sale of previously reserved inventory of \$1.1 million. Excluding the above charge and credit, the non-GAAP loss for the quarter was \$9.3 million, or \$0.15 per share, compared to a non-GAAP loss of \$8.2 million, or \$0.14 per share for the first quarter of 2002. A reconciliation between GAAP and non-GAAP net loss

is provided in the accompanying tables. At March 28, 2003, the Company had cash, cash equivalents and short-term investments of \$43.5 million, compared to \$49.2 million at the end of the previous quarter.

As previously announced, the Company will host a conference call to discuss its first quarter financial results today at 2:00 p.m. Pacific (5:00 p.m. Eastern). A listen-only broadcast of the conference call can be accessed on the Company's website at: [www.harmonicinc.com](http://www.harmonicinc.com) or by calling +1-212-748-2800 (Reservation No. 21090931). The replay will be available at the same website address or by calling +1-402-977-9140 (Reservation No. 21090931).

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](http://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 our competitive position in the worldwide cable market, our belief that our customers will need to upgrade their networks in order to keep pace with subscriber growth and the demand for more digital video, high-speed data, video-on-demand and HDTV, our expectation that satellite operators will expand into new markets and expand their local channel and HDTV services, and our belief that we remain well-positioned to capitalize on long-term opportunities across a wide range of broadband markets. 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 delays or decreases in capital spending in the cable and satellite industry, customer concentration and consolidation, general economic conditions, market acceptance of new or existing Harmonic products, losses of one or more key customers, risks associated with Harmonic's international operations, inventory management problems, the effect of competition, difficulties associated with rapid technological changes in Harmonic's markets, the need to introduce new and enhanced products, and risks associated with a cyclical and unpredictable sales cycle. 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 Annual Report filed on Form 10-K for the year ended December 31, 2002 and its subsequent quarterly reports on Form 10-Q and current reports on Form 8-K. Harmonic does not undertake to update any forward-looking statements.

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HARMONIC INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

	MARCH 28, 2003	DECEMBER 31, 2002
	-----	-----
	(UNAUDITED)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 27,075	\$ 21,542
Short-term investments	16,452	27,616
Accounts receivable, net	29,424	25,380
Inventories	22,768	25,904
Prepaid expenses and other assets	4,625	5,494
	-----	-----
Total current assets	100,344	105,936
Property and equipment, net	29,752	32,456
Intangibles and other assets	31,853	35,362
	-----	-----
	\$ 161,949	\$ 173,754
	=====	=====
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 1,671	\$ 1,862
Accounts payable	11,390	7,258

Income taxes payable	6,893	6,900
Accrued liabilities	54,653	58,670
	-----	-----
Total current liabilities	74,607	74,690
	-----	-----
Long-term debt, less current portion	598	710
Accrued excess facilities costs	33,783	34,754
Other non-current liabilities	1,459	1,417
	-----	-----
Total liabilities	110,447	111,571
	-----	-----
Stockholders' equity:		
Common stock	1,964,174	1,963,294
Accumulated deficit	(1,912,791)	(1,901,125)
Accumulated other comprehensive income	119	14
	-----	-----
Total stockholders' equity	51,502	62,183
	-----	-----
	\$ 161,949	\$ 173,754
	=====	=====

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HARMONIC INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	THREE MONTHS ENDED	
	-----	-----
	MARCH 28, 2003	MARCH 29, 2002
	-----	-----
Net sales	\$ 37,041	\$ 54,032
Cost of sales	26,294	38,269
	-----	-----
Gross profit	10,747	15,763
	-----	-----
Operating expenses:		
Research and development	8,503	11,119
Selling, general and administrative	12,063	15,321
Amortization of intangibles	1,933	2,828
	-----	-----
Total operating expenses	22,499	29,268
	-----	-----
Loss from operations	(11,752)	(13,505)
Interest and other income (expense), net	185	(7)
	-----	-----
Loss before income taxes	(11,567)	(13,512)
Provision for income taxes	100	500
Net loss	\$ (11,667)	\$ (14,012)
	=====	=====
Net loss per share		
Basic and diluted	\$ (0.19)	\$ (0.24)
	=====	=====
Weighted average shares		
Basic and diluted	60,456	59,476
	=====	=====

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HARMONIC INC.  
NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (1)  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 28, 2003	MARCH 29, 2002
Net sales	\$ 37,041	\$ 54,032
Cost of sales	25,811	35,247
Gross profit	11,230	18,785
Operating expenses:		
Research and development	8,503	11,119
Selling, general and administrative	12,063	15,321
Total operating expenses	20,566	26,440
Loss from operations	(9,336)	(7,655)
Interest and other income (expense), net	185	(7)
Loss before income taxes	(9,151)	(7,662)
Provision for income taxes	100	500
Net loss	\$ (9,251)	\$ (8,162)
Net loss per share		
Basic and diluted	\$ (0.15)	\$ (0.14)
Weighted average shares		
Basic and diluted	60,456	59,476

(1) The Non-GAAP Condensed Consolidated Statements of Operations exclude the impact of the amortization of intangibles and the realized margin on products sold during the quarter that were reserved for in prior years. See Non-GAAP to GAAP loss reconciliation below.

HARMONIC INC.  
NON-GAAP TO GAAP LOSS RECONCILIATION  
(IN THOUSANDS)  
(UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 28, 2003	MARCH 29, 2002
Non-GAAP net loss	\$ (9,251)	\$ (8,162)
Items charged to cost of sales:		
Amortization of intangibles	(1,540)	(3,022)
Realized margin on reserved product sold	1,057	--
Items charged to operating expenses:		
Amortization of intangibles	(1,933)	(2,828)
GAAP net loss	\$ (11,667)	\$ (14,012)

