



Management Presentation

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May 2014

Forward Looking Statements

During the course of this presentation, we may make projections or other forward looking statements regarding future events or the future financial performance of Harmonic. Such statements are only predictions and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our recent Reports on Form 10-K and 10-Q. These documents identify important risk factors that could cause actual results to differ materially from our projections or forward looking statements. We will also present financial metrics determined on a "non-GAAP" basis. These items, together with the corresponding GAAP numbers and a reconciliation to GAAP, are contained in this presentation and earnings press releases on our website at www.harmonicinc.com.

Harmonic's Mission

Enable amazing video experiences

through integrated solutions with unrivaled flexibility and efficiency



harmonic®

Customers

Broadcast & Media



Satellite



Telco



Cable



OTT / New Media



TIME WARNER CABLE

COX COMMUNICATIONS

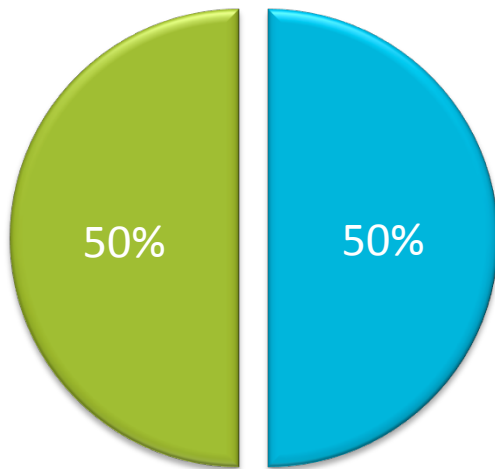
CABLEVISION

ZON MULTIMEDIA

Q1 2014: Revenue Mix

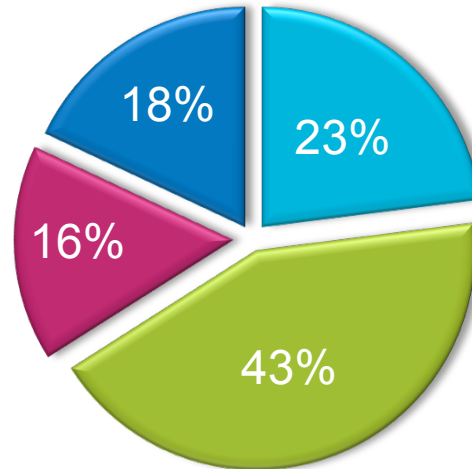
Revenues \$108.0M

Geography



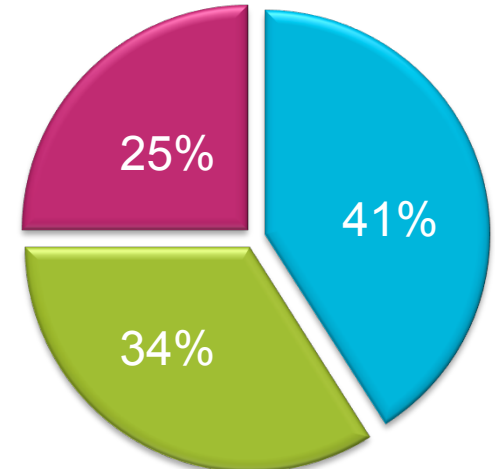
■ U.S.
■ International

Products



■ Cable Edge
■ Video Processing
■ Production & Playout
■ Services

Markets



■ Cable
■ Broadcast & Media
■ Satellite & Telco

Harmonic's Video Solutions



Video Delivery Infrastructure
Total Addressable Market = ~\$4B

Where We Lead the Market

Harmonic is the leader

Production
& Payout

#1 in
Broadcast
Payout Servers

FROST &
SULLIVAN

October 2012

Primary
Distribution

#1 in
Pay TV
Encoders

FROST &
SULLIVAN

August 2012

Content
& Service
Delivery

#1 in
IPTV
Headends

media
research
group

May 2013

Cable Edge

#1 in
Cable
EdgeQAMs

INFONETICS
RESEARCH

November 2013

Multi-screen

#1 in
Multi-screen
Transcoding

FROST &
SULLIVAN

Oct. 2013

multimedia
research
group, inc.
An SBA Capital Company

Dec. 2013

FROST & SULLIVAN

2013 BEST
PRACTICES
AWARD

Market Share Leadership Multi-
Screen Transcoding
Global, 2013

Multiformat
Transcoder
Market Leaders

M multimedia
research
group, inc.
An SBA Capital Company

Transcoder Market
Leaders by File
Processing Servers

Targeted Technology Upgrade Cycles

- ▶ Workflow consolidation
 - Functional Collapse
- ▶ Next-generation video compression
 - New innovation for:
 - MPEG-2
 - MPEG-4 (AVC)
 - HEVC
- ▶ Multiscreen
- ▶ Ultra HD
 - HDMI 2.0 standard finalized
 - Key demonstrations included Sky Deutschland
 - Japan 2020 and 8K



Introducing VOS – The Future of Video

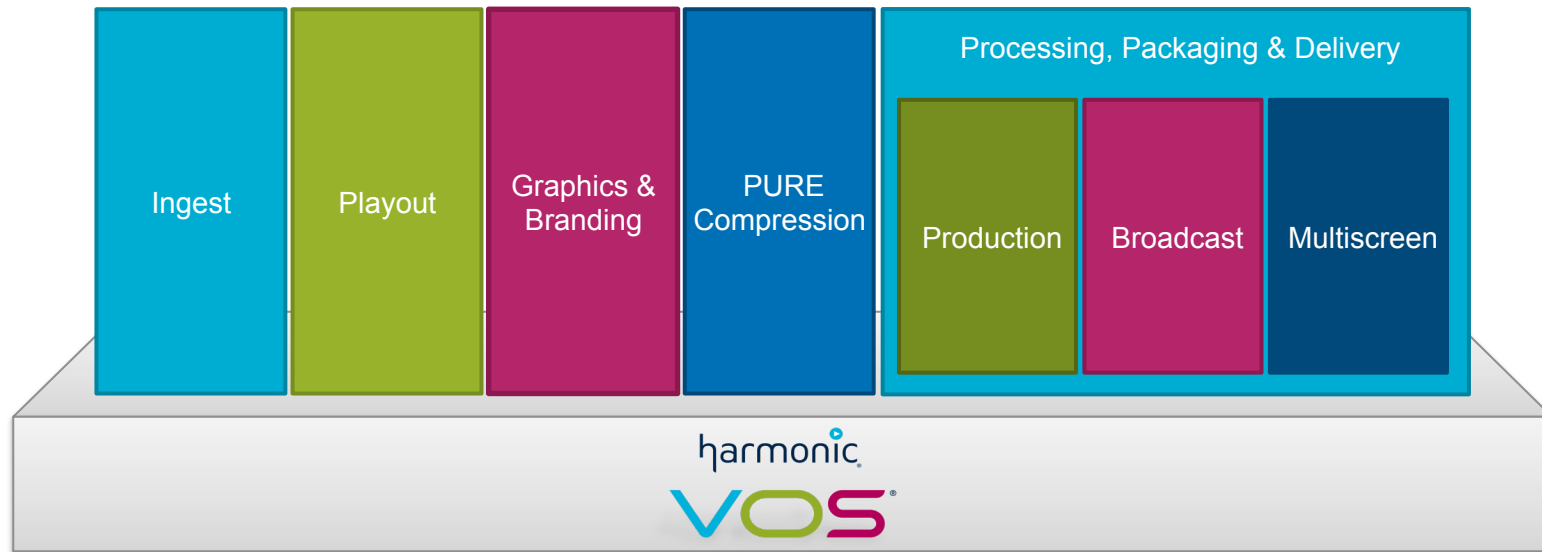


Flexible

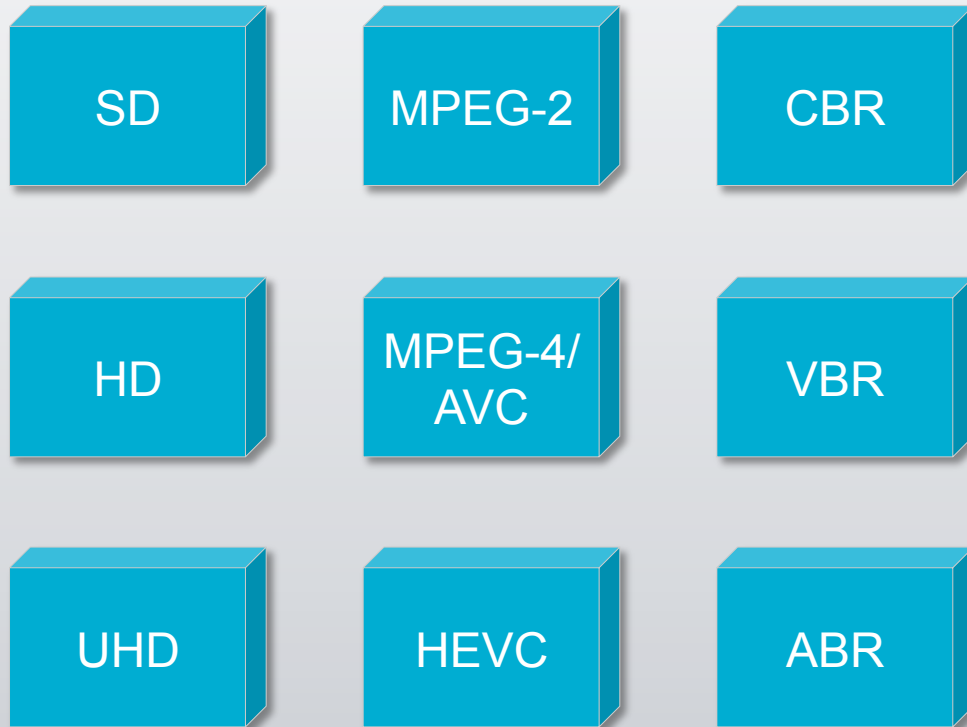
Integrated

Scalable

VOS: Media Processing Platform & Architecture



PURE Compression Engine



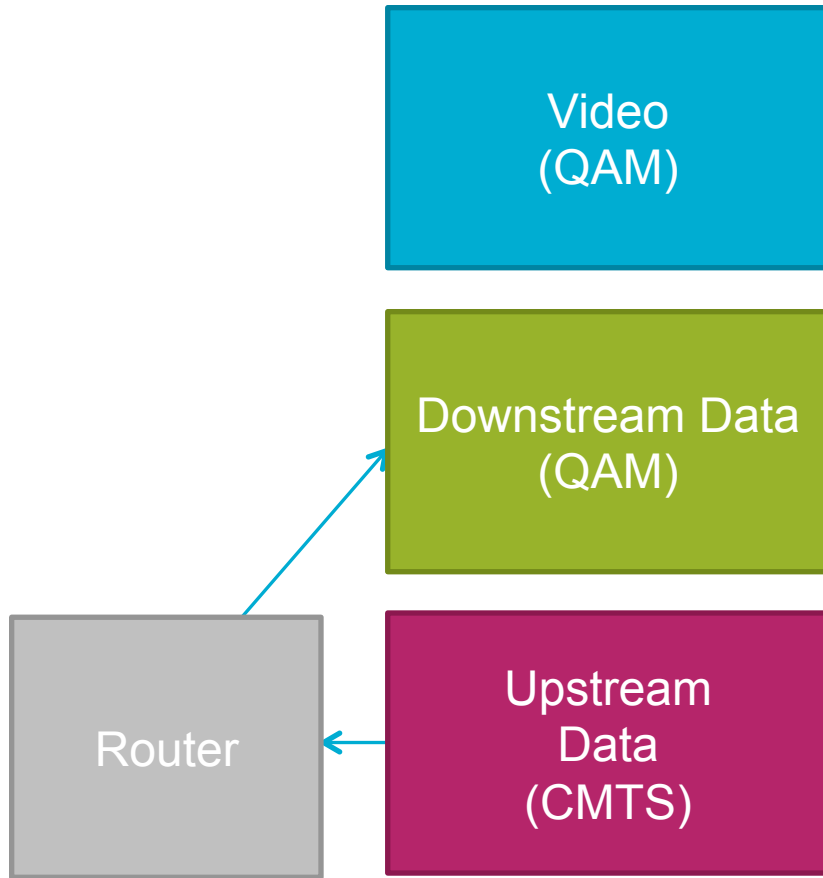
VOS® PURE Compression Engine

Architecturally
better VQ –
MIPs on
Demand

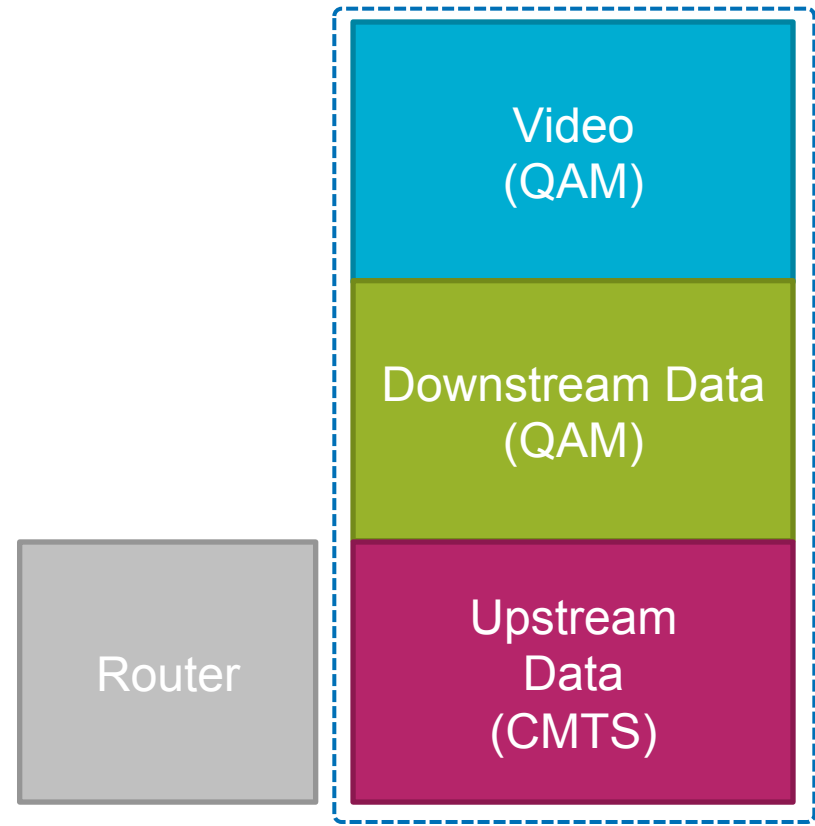


- X% improvement in MPEG-2
- Y% improvement in MPEG-4
- 10:1 AVC, 5:1 MPEG-2 cable density

TAM Expansion - CCAP



Today – EdgeQAM & CMTS



Tomorrow - CCAP

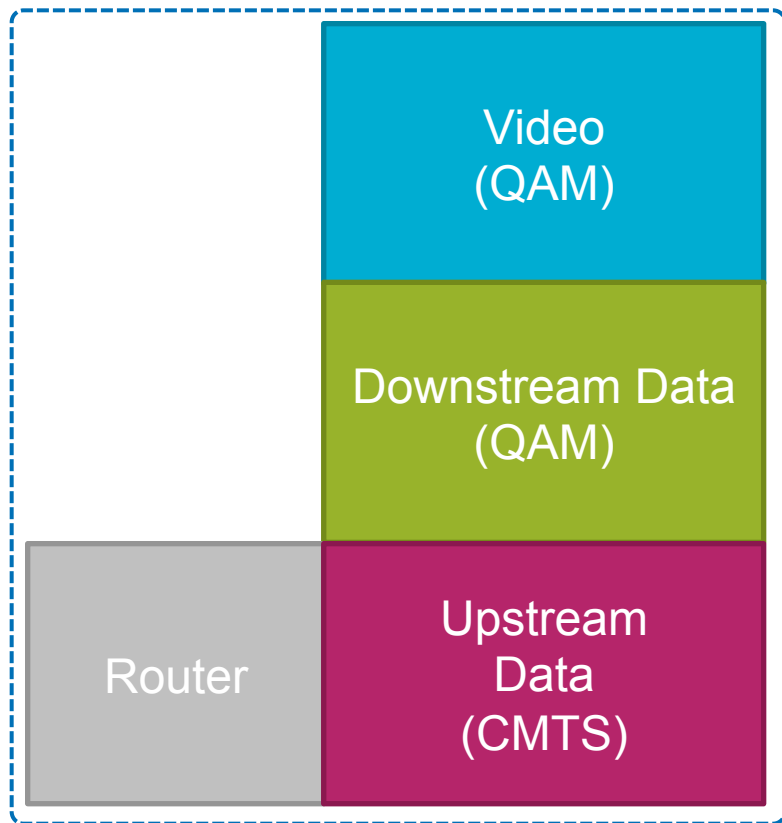
▶ Harmonic NSG Pro

- Highest port and QAM density
- Downstream functionality and platform qualified
- Deployments underway
- Solid order pipeline
- First CMTS interoperability tested
- Upstream cards in labs this year

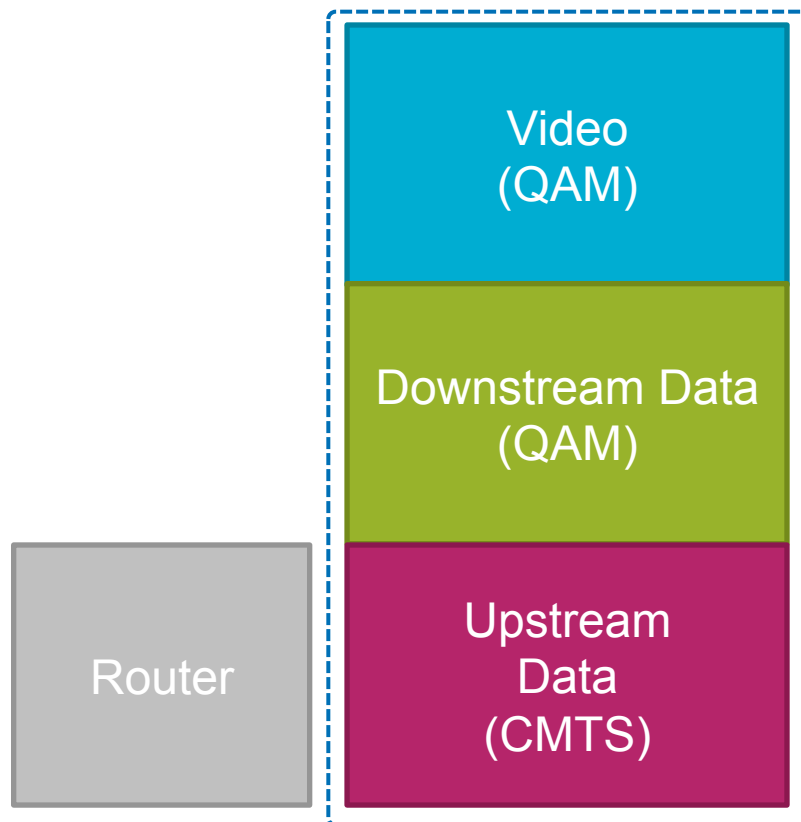
*Forecast per Infonetics Feb. 2014



Cable Head End – CCAP Alternatives



-OR-



Integrated Router

Cisco
cBR

Arris
E6000



Any Router

Cisco
Alcalu
Huawei
Juniper
...

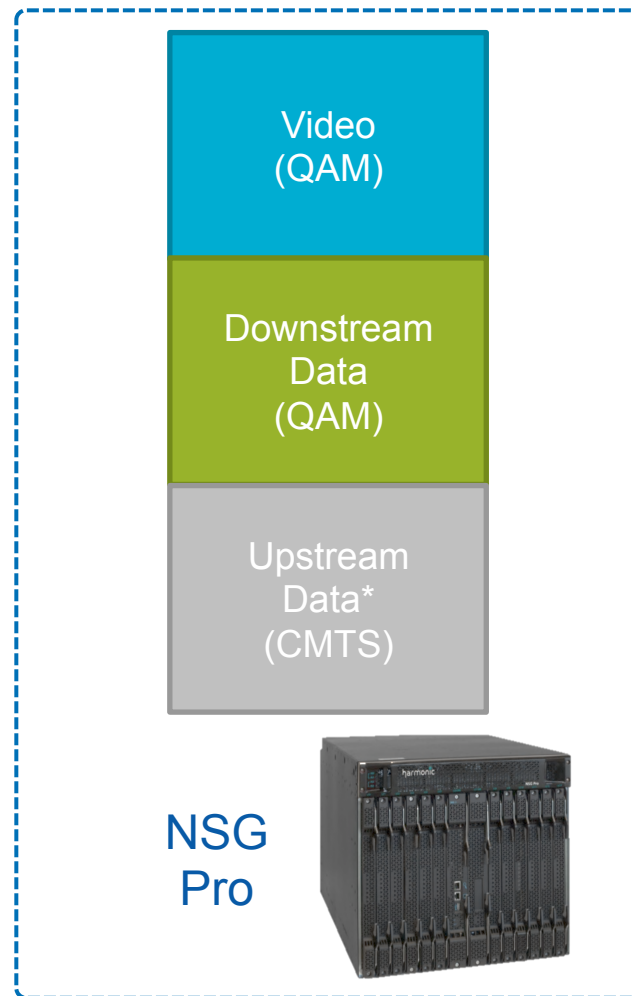
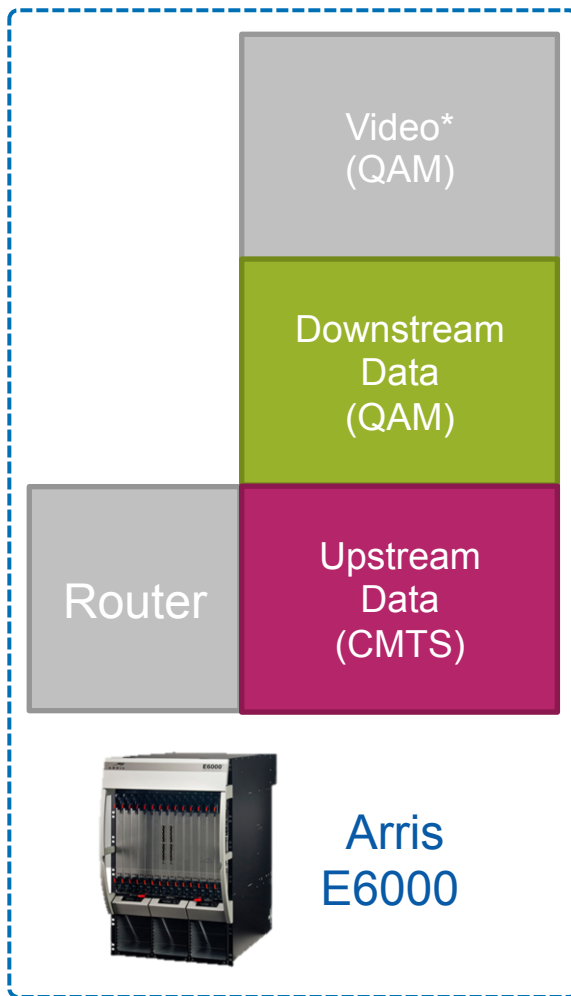
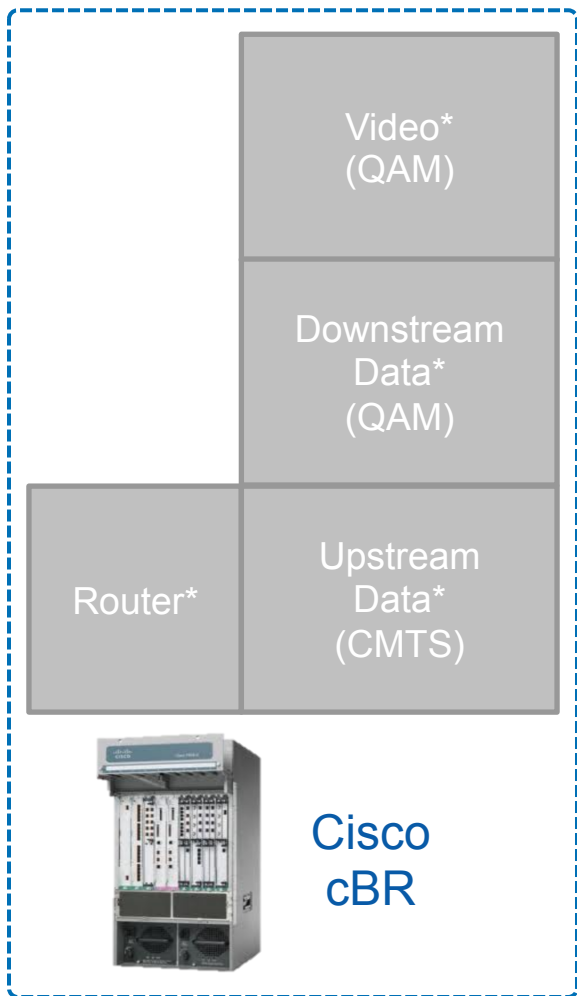
+

Harmonic



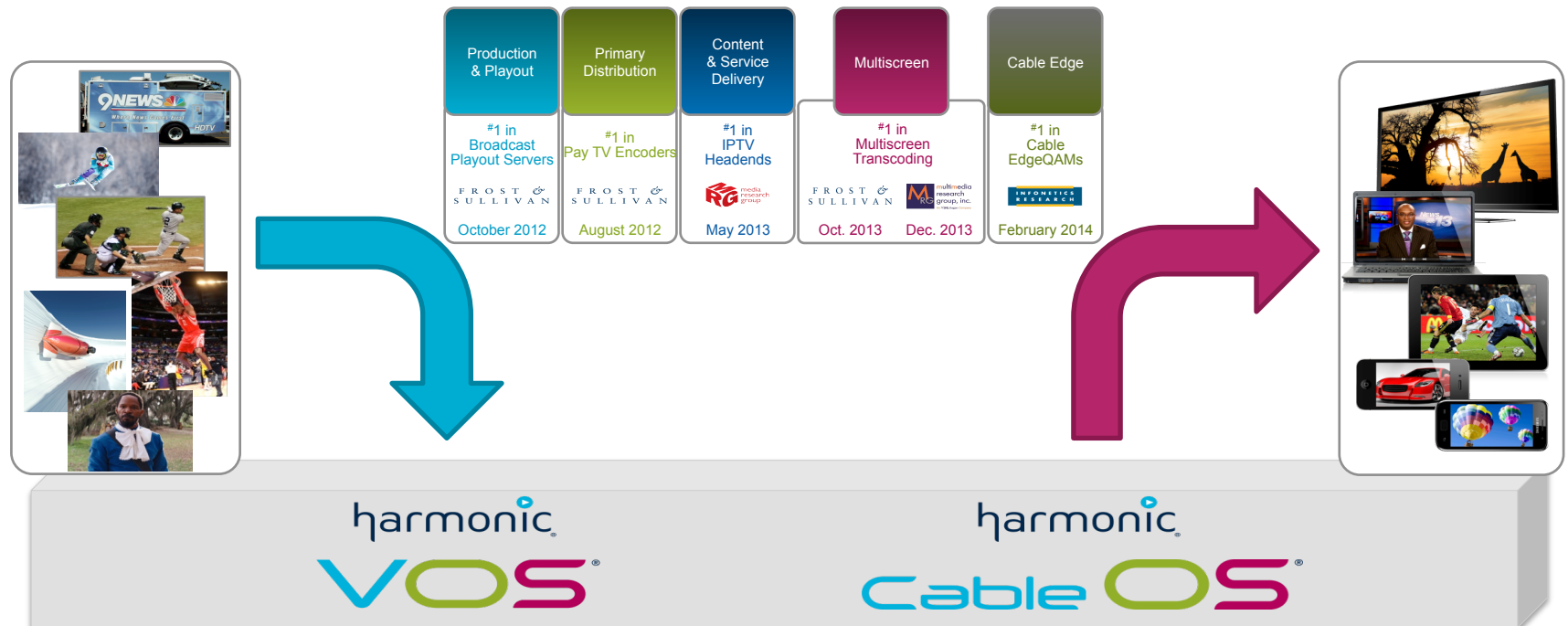
NSG
Pro

CCAP Status Today



*Functionality Not Yet Delivered

End-to-End Media Services: Cable OS and VOS





Financial Update

Q1 2014: Financial Highlights

\$Millions (except GM, OM, & EPS)	Q1 2014	Q4 2013	Q1 2013	Q1 / Q4 Change	Q1 Y / Y Change
Total Net Revenue	\$108.0	\$120.2	\$101.7	-10%	6%
Gross Margin – Non-GAAP	\$57.6	\$65.2	\$51.9	-12%	11%
Gross Margin - GAAP	\$52.3	\$59.6	\$46.2	-12%	13%
Gross Margin % - Non-GAAP	53.3%	54.3%	51.0%	-100bp	230bp
Gross Margin % - GAAP	48.4%	49.6%	45.4%	-120bp	300bp
Operating Expense – Non-GAAP	\$54.1	\$54.5	\$55.2	-1%	-2%
Operating Margin – Non-GAAP	3.2%	8.9%	-3.3%	-570bp	650bp
EPS – Non-GAAP	\$0.03	\$0.08	(\$0.02)	(\$0.05)	\$0.05
EPS – GAAP	(\$0.06)	(\$0.02)	(\$0.08)	(\$0.04)	\$0.02
Bookings	\$126.3	\$113.3	\$110.1	11%	15%
Backlog and Deferred	\$126.4	\$114.0	\$126.3	11%	-

Q1 2014: Balance Sheet and Cap-Ex Highlights

	\$Millions	
Cash	\$147.7M	Down \$22.9M from Q4
Accounts Receivable	\$77.5M	65 days
Inventories	\$30.3M	6.7 turns
Debt	\$0	
Capital Expenditures	\$3.4M	
Shares Repurchased	\$29.1M	4.4M Shares

Q2 2014: Financial Guidance

	Metric
Revenue	\$113M - \$123M
Non-GAAP Gross Margin*	52.5% - 53.5%
Non-GAAP Operating Expenses*	\$54.5M - \$55.5M
Non-GAAP Tax Rate	21%
*Excludes charges for stock-based compensation, the amortization of intangibles and restructuring and related charges.	

Building Shareholder Value

- ▶ Continued focus on growth opportunities
 - Capitalize on Service Provider investment themes: CCAP, Ultra HD, IP multiscreen
 - Expand global customer base
- ▶ Accelerate core market share leadership
- ▶ Enhance margin profile
- ▶ Optimize balance sheet
- ▶ Drive long-term earnings accretion

Analyst & Investor Day 2014, May 15

- ▶ Harmonic will host an Analyst and Investor Day on May 15th in New York City
 - 9:00 a.m. to 2:00 p.m. ET
 - Webcast Presentations 9:30 a.m. to 12:30 p.m. ET
 - NASDAQ MarketSite, 4 Times Square



Thank You