

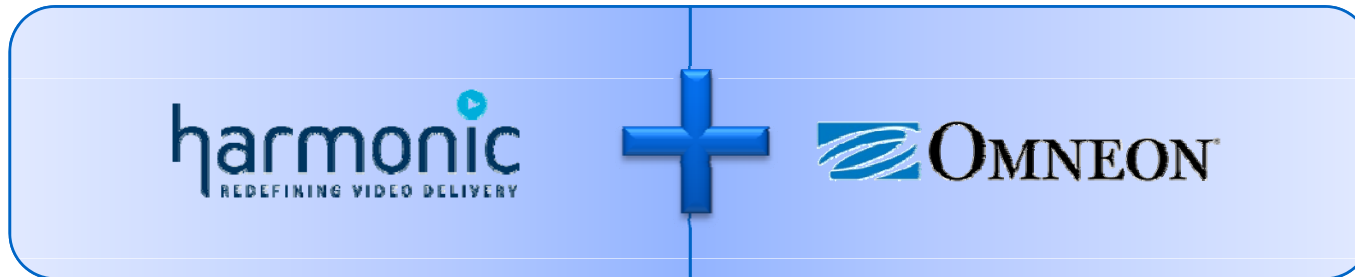
# Two Market Leaders Joining Forces

**Customer Briefing Materials**

**21 May 2010**



# The Big Announcement: Two Market Leaders Joining Forces



- **Harmonic has entered into a definitive agreement to acquire 100% of Omneon**
- **The transaction is based on a combination of stock and cash valued at approximately \$274 million and is expected to close within 8-10 weeks**
- **The combination of Harmonic and Omneon creates one of the strongest providers of video infrastructure to the media industry**
  - Very rich portfolio of video technologies
  - Common focus on customer success

# Who is Harmonic?

- **Founded – 1988; publicly traded since 1995 (NASDAQ: HLIT)**
- **Financials – \$319.6 million net sales in 2009**
- **Headquarters – Sunnyvale, California, with offices in China, France, Hong Kong, Israel, Russia, Switzerland, UK**
- **Headcount – 850+**
- **Key acquisitions – Scopus Video Networks (2009), Rhozet (2007), Entone's on-demand business (2006), DiviCom (2000)**
- **Products and Technology – Video stream processing, edge & access, software/services for broadcast and on-demand video delivery**
- **Customer base – Hundreds of customers, including 9 of top 10 satellite providers, 24 of top 25 cable companies, tier 1/2/3 telcos, broadcasters and Internet video service providers**

# Harmonic Areas of Strategic Focus

Full suite of solutions for converged multi-screen video delivery from Entone and Rhozet acquisitions



Contribution & Distribution

Encoding / Stream Processing

Cable Edge

Cable Access

Acquisition of Scopus contribution encoders

Market leader in broadcast encoders

Pioneer in multi-function EdgeQAM

Full range of HFC transport solutions

# Harmonic Market Leadership

## ➤ Cable

- Edge processing for 9 of the 10 largest US MSOs
- NSG edgeQAMs power nearly 800,000 QAM VOD streams
- 4+ million homes passed by PWRBlazer nodes

## ➤ Satellite

- 9 of 10 largest DBS operators worldwide use Harmonic's encoders
- Market-leading IP-based statistical multiplexing solution

## ➤ Telco

- Over 6,500 telco IPTV channels deployed
- Majority of Microsoft MediaRoom IPTV deployments
- Broadcast/VOD services for PCCW, one of the world's largest IPTV services

## ➤ Terrestrial

- World's first 2 HD + 1 SD service in 19.4 Mbps ATSC spectrum
- First all-IP headend solution for broadcasters

## ➤ Internet

- Leader in universal transcoding
- 100+ Rhozet customers including Adobe, Amazon.com, MSN, Yahoo!, YouTube

# Dynamic Video Delivery Market

Content Creation  
and Distribution



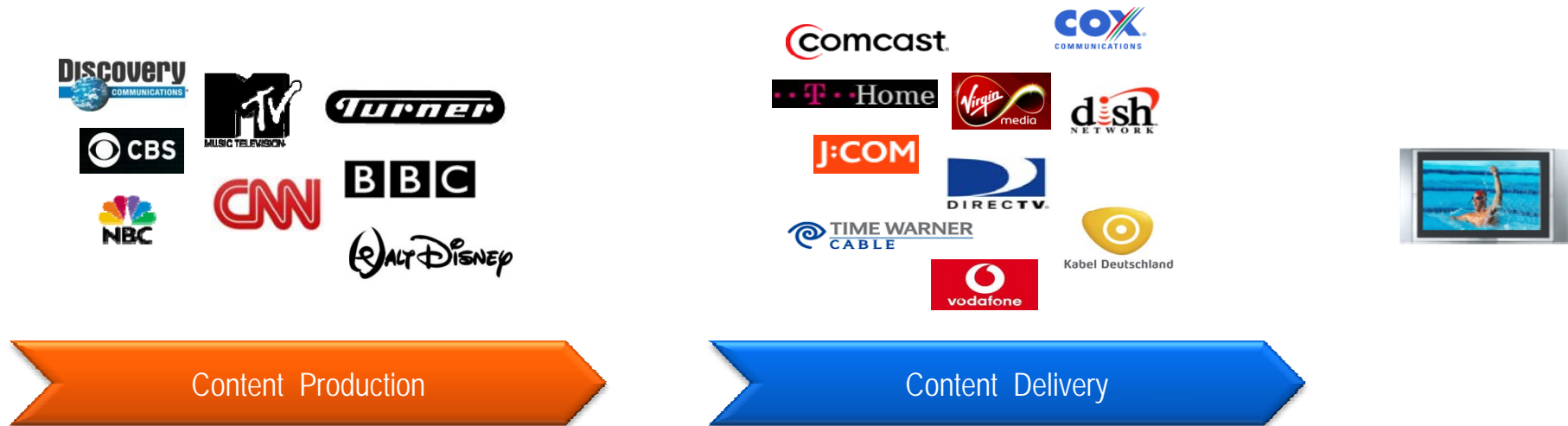
Service Provider  
Competition



Any Device  
Any Time  
Anywhere



# Traditional Video Ecosystems



## ➤ Growing investment in video production and delivery

- Exploding video consumption – HDTV, 3D, PCs and mobile devices
- New business opportunities for global media players
- Rapid growth in subscription TV investment in emerging markets

# Converging Video Ecosystems

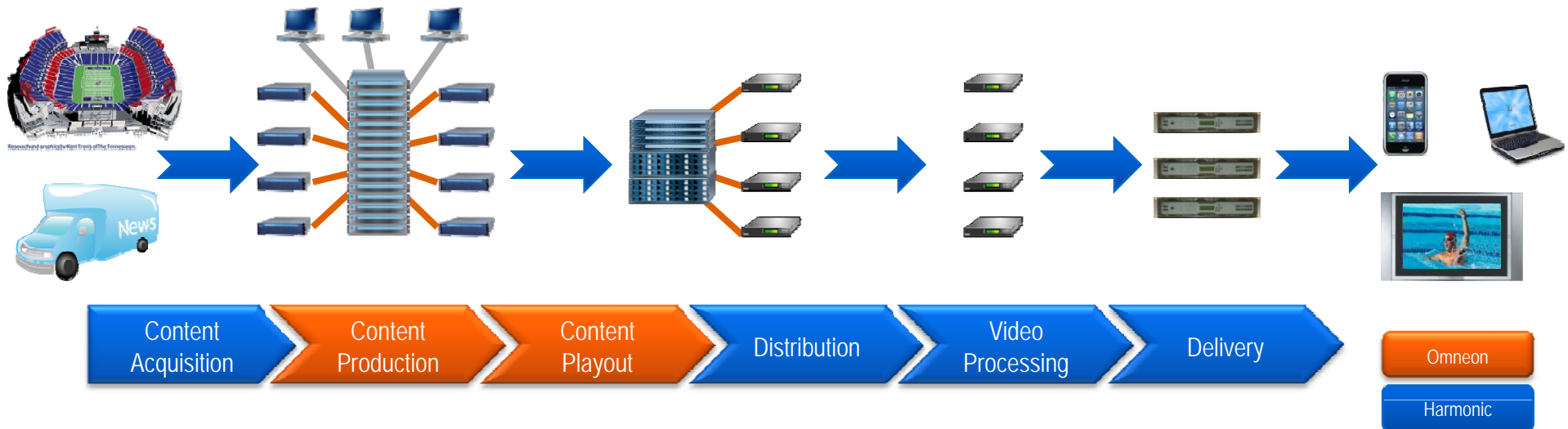


## ➤ Content owner and service provider businesses converging

- Internet, wireless and multi-screen trends are disrupting traditional business models
- Giving rise to new, converged content production and delivery models



# Harmonic and Omneon Create a Solution Portfolio That Spans Content Creation Through Delivery

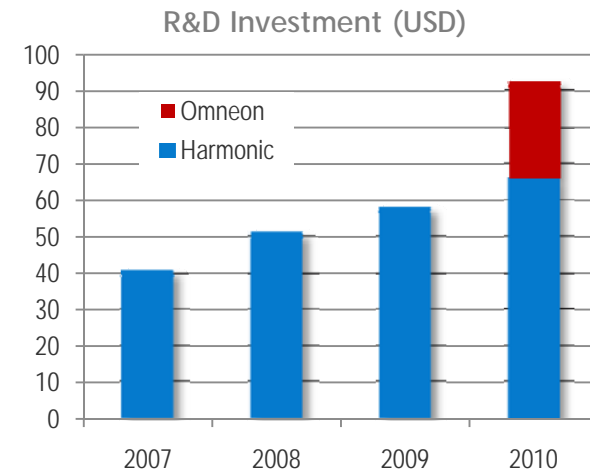


- **Creating the world's leading video infrastructure portfolio**
- **A powerful foundation for growth and innovation**
  - Unifying workflows for multi-screen media
  - Enabling optimal video quality
  - Simplifying end-to-end asset management

# Benefits to Customers from the Combination

## ➤ Unique technology portfolio and R&D capabilities

- Industry-leading technology and expertise across the entire workflow
- Strong global development team of 450+ entirely focused on video
- Highly complementary technology adjacencies that can be leveraged to drive new innovative solutions



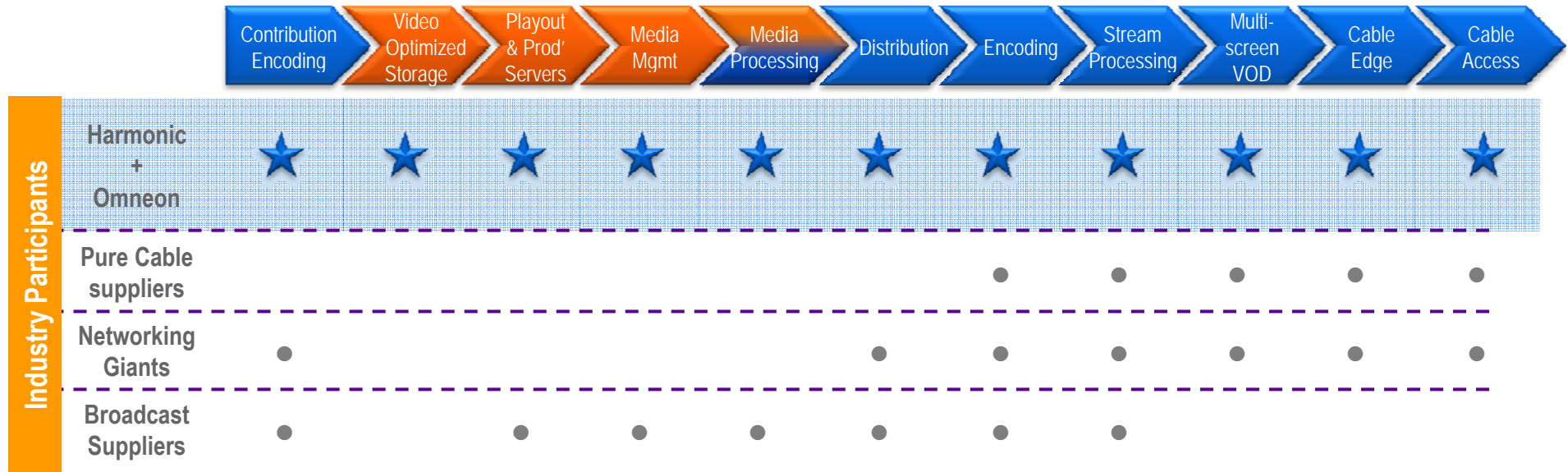
## ➤ Wider-reaching global sales and service organization

- Faster responsiveness
- More localized resources
- Combined channel partner network of ~250 partners

## ➤ Longer-term opportunities to integrate respective technologies for next-generation video platforms



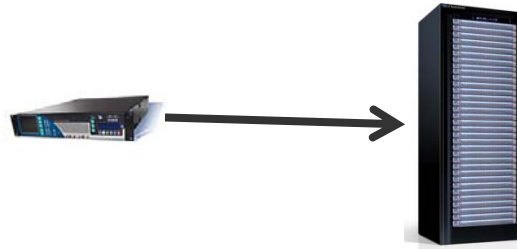
# Unique Competitive Positioning



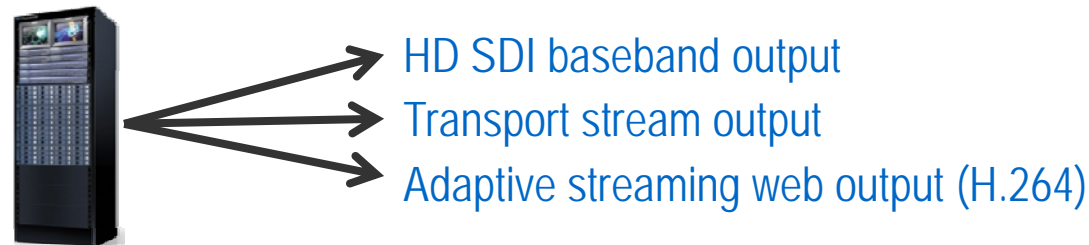
- Only provider of video infrastructure from acquisition to delivery
- Significant technology adjacencies will drive innovative solutions
- Both companies share a deep commitment to customer success

# Illustrative Future Technology Concepts from the Combined Company

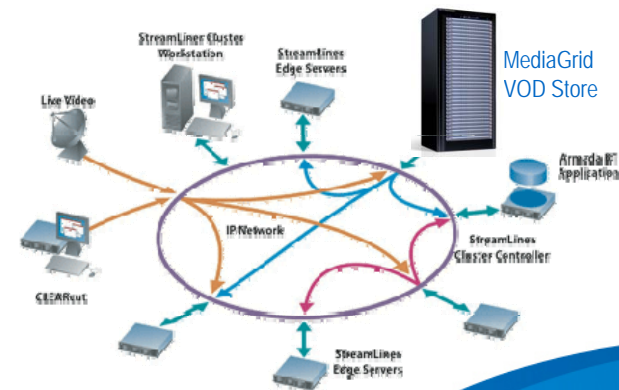
- Contribution encoding directly attached to central storage



- Encoded stream output directly from Omneon video servers



- MediaGrid as VOD library storage integrated with Armada CDN and Streamliner VOD servers



# What Changes Might There Be as a Result of the Combination?

## ➤ Short-Term

- Very few, if any, noticeable changes
  - Same sales representatives
  - Same service personnel
  - Same corporate contacts & processes
  - Same products & product roadmaps (honoring customer commitments)
- No immediate plans for product consolidation
- Some integration of back-office functions, such as finance, operations, etc.

## ➤ Longer-Term

- Some integration of sales, SE & service teams to better serve local markets
- Same focus on customer satisfaction and commitment to customer success

# Combined company snapshot

**harmonic**  
REDEFINING VIDEO DELIVERY



**OMNEON**

- Market leader driving next-gen converged video infrastructure
- Uniquely powerful and market leading video technology
- Diversified, world-class customer base
- Exceptional sales channel network – 250+ partners worldwide
- Well positioned for continued growth

# How to Get More Information...

- **Contact your Omneon sales representative if you have any questions**
- **Contact Omneon management if you have any concerns or special questions**
  - Denis Maynard, SVP Worldwide Sales ([dmaynard@omneon.com](mailto:dmaynard@omneon.com))
  - Geoff Stedman, SVP Marketing ([gstedman@omneon.com](mailto:gstedman@omneon.com))
- **Visit our web page dedicated to providing updated information regarding the combination and integration plans at: [www.omneon.com/convergence](http://www.omneon.com/convergence)**