

HARMONIC INC
Form DEF 14A
May 02, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

HARMONIC INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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HARMONIC INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 22, 2011**

TO THE STOCKHOLDERS OF HARMONIC INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Harmonic Inc., a Delaware corporation (the Company), will be held on Wednesday, June 22, 2011, at 2:00 P.M., Pacific Time, at the Company's principal offices, 4300 North First Street, San Jose, California 95134, for the following purposes:

1. To elect eight directors to serve until the earlier of the 2012 Annual Meeting of Stockholders or until their successors are elected and duly qualified.
2. To hold an advisory vote on executive compensation.
3. To hold an advisory vote on the frequency of the advisory vote on executive compensation.
4. To approve an amendment to the Employee Stock Purchase Plan to increase the number of shares of common stock reserved for issuance thereunder by 2,000,000 shares.
5. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2011.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

Pursuant to rules promulgated by the Securities and Exchange Commission, we are providing access to our proxy materials over the Internet. Only stockholders of record at the close of business on April 25, 2011 are entitled to Notice of Internet Availability of Proxy Materials and to vote at the annual meeting and any adjournment or postponement thereof. We expect to mail the Notice of Internet Availability of Proxy Materials on or about May 9, 2011.

All stockholders are cordially invited to attend the meeting in person. However, to ensure your representation at the meeting, you are urged to vote as instructed in the Notice of Internet Availability of Proxy Materials, via the Internet or by telephone, as promptly as possible to ensure that your vote is recorded. Alternatively, you may follow the procedures outlined in the Notice of Internet Availability of Proxy Materials to request a paper proxy card to submit your vote by mail. Any stockholder of record attending the meeting may vote in person even if such stockholder has previously voted by another method.

By Order of the Board of Directors,

Carolyn V. Aver,
Secretary

San Jose, California
May 2, 2011

YOUR VOTE IS IMPORTANT

In order to assure your representation at the annual meeting, you are requested to vote, at your earliest convenience, by any of the methods described in the accompanying Proxy Statement. If you decide to attend the meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the meeting will be counted. **YOUR SHARES CANNOT BE VOTED UNLESS YOU (A) VOTE BY TELEPHONE, VOTE BY INTERNET, OR REQUEST A PAPER PROXY CARD AND COMPLETE, SIGN, DATE AND RETURN SUCH PAPER PROXY CARD BY MAIL, OR (B) ATTEND THE ANNUAL MEETING AND VOTE IN PERSON.**

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HARMONIC INC.

**PROXY STATEMENT
2011 ANNUAL MEETING OF STOCKHOLDERS**

**4300 NORTH FIRST STREET
SAN JOSE, CALIFORNIA 95134**

INFORMATION CONCERNING SOLICITATION AND VOTING

GENERAL

The enclosed proxy is solicited on behalf of the Board of Directors of Harmonic Inc., a Delaware corporation (Harmonic or the Company), for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held Wednesday, June 22, 2011, at 2:00 P.M., Pacific Time, or at any adjournments and postponements thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Company s principal offices, 4300 North First Street, San Jose, California 95134. The telephone number of the Company s principal offices is 1-408-542-2500.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS AND ANNUAL REPORT FOR STOCKHOLDERS MEETING TO BE HELD ON JUNE 22, 2011.

In accordance with rules and regulations of the Securities and Exchange Commission (the SEC), instead of mailing a printed copy of our proxy materials to each stockholder of record, we are furnishing to our stockholders proxy materials, including our Annual Report to Stockholders (collectively, the Proxy Materials), on the Internet. This process is designed to expedite stockholders receipt of materials, lower the cost of the Annual Meeting, and conserve natural resources. On or about May 9, 2011, we will send a Notice of Internet Availability of Proxy Materials (the E-Proxy Notice) by email to those stockholders who previously requested to receive the Proxy Materials electronically and by mail to all other stockholders entitled to vote at the Annual Meeting. If you receive the E-Proxy Notice by mail, you will not automatically receive a printed copy of the Proxy Materials, unless you have previously requested to receive printed copies of all Proxy Materials. Instead, the E-Proxy Notice will instruct you as to how you may access and review all of the important information contained in the Proxy Materials on the Internet. The E-Proxy Notice also instructs you as to how you may submit your proxy on the Internet. If you received the E-Proxy Notice by mail and would like to receive a printed copy of our Proxy Materials, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

Registered stockholders may also sign up to receive future proxy materials and other stockholder communications electronically instead of by mail. Your election to receive proxy materials and other stockholder communications by email will remain in effect until you terminate it. In order to receive the communications electronically, you must have an e-mail account, access to the Internet through an Internet service provider and a web browser that supports secure connections. Visit www.bnymellon.com/shareowner/isd for additional information regarding electronic delivery enrollment. Stockholders with shares registered in their names with BNY Mellon Shareowner Services LLC may authorize a proxy by the Internet at the following Internet address <http://bnymellon.mobular.net/bnymellon/hlit>, or telephonically by calling BNY Mellon Shareowner Services LLC at 1-888-313-0164. Proxies submitted through BNY Mellon Shareowner Services LLC by the Internet or telephone must be received by 11:59 p.m. Eastern time (8:59 p.m. Pacific time) on June 21, 2011. The giving of a proxy will not affect your right to vote in person if you decide to attend the Annual Meeting.

RECORD DATE AND VOTING SECURITIES

Stockholders of record at the close of business on April 25, 2011 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. At the Record Date, 114,791,066 shares of the Company s common stock, \$0.001 par value per share (the Common Stock), were issued and outstanding.

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REVOCABILITY OF PROXIES

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use at the Annual Meeting by delivering to the Secretary of the Company, at the Company's principal offices, a written notice of revocation or a duly executed proxy bearing a later date, or by voting on a later date by telephone or via the Internet (only your latest-dated proxy is counted), or by attending the Annual Meeting and voting in person.

VOTING AND SOLICITATION

Each stockholder is entitled to one vote for each share of Common Stock held as of the Record Date on all matters presented at the Annual Meeting. Stockholders do not have the right to cumulate their votes in the election of directors.

The Company will bear the cost of soliciting proxies, including the preparation, assembly, Internet hosting, printing and mailing of the Notice of Internet Availability of Proxy Materials, this Proxy Statement, the proxy card and any other Proxy Materials furnished to stockholders by the Company in connection with the Annual Meeting. In addition, the Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding the Proxy Materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile, email, over the Internet or personal solicitation by directors, officers, employees or independent contractors of the Company. Other than for any such independent contractors, no additional compensation will be paid to such persons for such services.

QUORUM; ABSTENTIONS; BROKER NON-VOTES

The required quorum for the transaction of business at the Annual Meeting is a majority of the votes eligible to be cast by holders of shares of Common Stock issued and outstanding on the Record Date. Shares eligible to vote at the Annual Meeting will be counted as present at the Annual Meeting if the holder of such shares is present and votes in person at the Annual Meeting or has properly submitted a proxy card or voted by telephone or via the Internet. Shares that are voted FOR, AGAINST, ABSTAIN, WITHHOLD FOR ALL, EXCEPTIONS or ONE YEAR, TWO or THREE YEARS with respect to any proposal, as applicable, are treated as being present at the Annual Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote in person or by proxy at the Annual Meeting (the Votes Cast) with respect to such matter.

While there is no definitive statutory or case law authority in Delaware as to the proper treatment of abstentions, the Company believes that abstentions should be counted for purposes of determining both (a) the presence or absence of a quorum for the transaction of business, and (b) the total number of Votes Cast with respect to a proposal (other than the election of directors). In the absence of controlling precedent to the contrary, the Company intends to treat abstentions in this manner. Accordingly, abstentions on a given proposal will have the same effect as a vote against the proposal, but will not have any effect in the election of directors or the advisory vote on Proposal Three with respect to the frequency of the advisory vote on executive compensation.

The Delaware Supreme Court has held that, while broker non-votes should be counted for purposes of determining the presence or absence of a quorum for the transaction of business, broker non-votes should not be counted for purposes of determining the number of Votes Cast with respect to the particular proposal on which the broker has no authority to vote. The Company intends to treat broker non-votes in a similar manner. Thus, a broker non-vote will not affect the outcome of the voting on a proposal.

If a stockholder holds shares in street name, it is critical for that holder to cast a vote if that holder wants it to count in non-routine matters, such as the election of directors (Proposal 1 of this Proxy Statement), the amendment to the

Employee Stock Purchase Plan (Proposal 2 of this Proxy Statement), the advisory vote on executive compensation (Proposal 3 of this Proxy Statement), and the advisory note on the frequency of the advisory vote on executive compensation (Proposal 4 of this Proxy Statement). Thus, if a stockholder holds shares in street name and does not instruct the bank or broker how to vote with respect to any of Proposals 1, 2, 3 and 4, no votes will be cast on that stockholder's behalf for the respective Proposal. The stockholder's bank or broker will, however, continue to have discretion to vote any uninstructed shares on routine matters such as the ratification of the appointment of the Company's independent registered public accounting firm (Proposal 5 of this Proxy Statement). If a stockholder of

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record does not cast a vote, no votes will be cast on that stockholder's behalf on any of the items of business at the Annual Meeting.

STOCKHOLDER PROPOSAL PROCEDURES AND DEADLINES

Proposals of stockholders of the Company that are intended to be presented by such stockholders at the Company's 2012 Annual Meeting of Stockholders and that stockholders desire to have included in the Company's proxy materials relating to such meeting must be received by Harmonic at its principal offices at 4300 North First Street, San Jose, California 95134, Attention: Secretary, no later than January 2, 2012, which is 120 calendar days prior to the first anniversary of the date on which this Proxy Statement first became available to stockholders. Any such proposals of stockholders must be in compliance with applicable laws and regulations in order to be considered for possible inclusion in the Proxy Statement and form of proxy for that meeting.

Proposals of stockholders of the Company that are intended to be presented by such stockholders at the Company's 2012 Annual Meeting of Stockholders and that such stockholders do not desire to have included in the Company's proxy materials for that meeting must be received by Harmonic at its principal offices at 4300 North First Street, San Jose, California 95134, Attention: Secretary, no earlier than March 24, 2012 and no later than April 23, 2012.

However, if the date of the Company's 2012 Annual Meeting has been changed by more than 30 days from June 22, the date of this year's Annual Meeting, then, for any proposal notice by a stockholder with respect to next year's Annual Meeting to be timely, it must be received by the Company not later than the close of business on the later of (i) 90 calendar days prior to the date of next year's Annual Meeting, or (ii) ten calendar days following the day on which the Company first publicly announces the date of next year's Annual Meeting.

If a stockholder gives notice of such a proposal after the deadlines described above, the Company's proxy holders will be allowed to use their discretionary voting authority to vote against the stockholder proposal when and if the proposal is raised at the Company's 2012 Annual meeting of Stockholders. The Company has not been notified by any stockholder of his or her intent to present a stockholder proposal from the floor at this year's Annual Meeting.

Furthermore, under the Company's bylaws, a stockholder's notice of business to be brought before an annual meeting must set forth, as to each proposed matter: (a) a brief description of the business and reason for conducting such business at the meeting; (b) the name and address, as they appear on the Company's books, of the stockholder proposing such business and any associated person of such stockholder; (c) the class and number of shares of the Company owned by the stockholder proposing such business and any associated person of such stockholder; (d) whether, and the extent to which, any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder or any associated person of such stockholder with respect to any securities of the Company, and a description of any other agreement, arrangement or understanding, the effect of which is to mitigate loss to, or manage the risk or benefit from share price changes for, or increase or decrease the voting power of, such stockholder or any associated person of such stockholder with respect to the securities of the Company; (e) any material interest of the stockholder or any associated person of such stockholder in such business; and (f) a statement whether either of such stockholder or any associated person of such stockholder will deliver a proxy statement and form of proxy to holders of at least the percentage of the Company's voting shares required under applicable law to carry the proposal. In addition, to be in proper written form, a stockholder's notice to the Secretary of the Company must be supplemented not later than ten calendar days following the record date to disclose the information contained in clauses (c) and (d) above as of the record date.

MULTIPLE STOCKHOLDERS SHARING ONE ADDRESS

In some instances, we may deliver to multiple stockholders sharing a common address only one copy of the E-Proxy Notice. If requested orally or in writing, we will promptly provide a separate copy of the E-Proxy Notice to a stockholder sharing an address with another stockholder. Requests should be directed to the Company's Secretary at Harmonic Inc., 4300 North First Street, San Jose, California 95134, Attention: Secretary, or to +1-408-542-2500. Stockholders sharing an address who currently receive multiple copies and wish to receive only a single copy should contact their broker or send a signed, written request to the Company at the address noted above.

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PROPOSAL ONE

ELECTION OF DIRECTORS

NOMINEES

Eight directors are to be elected at the Annual Meeting. Each of the directors elected at the Annual Meeting will hold office until the earlier of the Annual Meeting of Stockholders in 2012 or until such director's successor has been duly elected and qualified.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the Company's eight nominees named below, all of whom are currently directors of the Company. Each of the nominees was recommended for election by the Company's Corporate Governance and Nominating Committee and the Board of Directors. The Company did not receive any proposals from stockholders for nominations of other candidates for election. In the event that any nominee of the Company becomes unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote the proxies for any substitute nominee who is designated by the Company's Corporate Governance and Nominating Committee to fill the vacancy. It is not expected that any nominee listed below will be unable or will decline to serve as a director.

DIRECTOR QUALIFICATIONS

The Board of Directors believes that it is necessary for each of the Company's directors to possess a broad array of qualities and skills. When searching for new director candidates, the Corporate Governance and Nominating Committee considers the evolving requirements of serving on the Board of Directors and searches for candidates that fill any current or anticipated future requirements. The Board of Directors also believes that all directors must possess a considerable amount of business and management experience and education.

The Corporate Governance and Nominating Committee first considers a candidate's business and management experience and education and then considers issues of judgment, personal character, integrity, conflicts of interest, diversity and commitment to the goal of maximizing long-term stockholder value. With respect to the nomination of continuing directors for re-election, the individual's historical and ongoing contributions to the Board of Directors are also considered. The process undertaken by the Corporate Governance and Nominating Committee in recommending qualified director candidates is described below under Identification and Evaluation of, and Criteria for, Candidates for Board Membership (see page 8 of this Proxy Statement).

DIRECTOR NOMINEES

The names of the nominees for director and certain information about each of them are set forth below. The information presented includes age, positions held, principal occupation and business experience for the past five years, and the names of other publicly-held companies of which the nominee currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding the nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that each nominee is qualified to serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated knowledge of our industry and an ability to exercise sound judgment, as well as a commitment to Harmonic and the Board of Directors. Finally,

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with respect to our directors who have not been officers of the Company, we value their experience on other public company boards of directors and board committees.

Name	Age	Principal Occupation
Lewis Solomon	77	Founder and Chairman, SCC Company
Patrick J. Harshman	46	President and Chief Executive Officer, Harmonic Inc.
Harold Covert	64	Independent Business Consultant.
Patrick Gallagher	56	Chairman, Ubiquisys Ltd.
E. Floyd Kvamme	73	Partner Emeritus, Kleiner Perkins Caufield & Byers
Anthony J. Ley	72	Former President and Chief Executive Officer, Harmonic Inc.
William F. Reddersen	63	Former Executive Vice President, BellSouth
David R. Van Valkenburg	69	Chairman, Balfour Associates, Inc.

Except as indicated below, each nominee has been engaged in the principal occupation set forth above during the past five years. There are no family relationships between any directors or executive officers of the Company.

Lewis Solomon has been a director since January 2002 and was elected Chairman of the Board in June 2008. Mr. Solomon has been Chairman and CEO of SCC Company, a consulting firm specializing in technology, since 1990. Mr. Solomon also co-founded Broadband Services, Inc. (BSI), an outsource provider of supply chain management, network planning, and fulfillment services and was Chief Executive Officer from 1999 to 2004. From 1983 to 1988, he served as the Executive Vice President of Alan Patricof Associates, a global venture capital firm. Mr. Solomon also spent 14 years at General Instrument Corporation, ultimately as Senior Vice President and Assistant to the Chief Executive Officer. Mr. Solomon is a director of Anadigics, Inc., was a director of Lantronix, Inc. from 2008 through 2010, and was a director of Terayon Communications Systems Inc. from 1995 until its acquisition in 2007. Mr. Solomon holds a B.S. in Physics from St. Joseph's College and a M.S. in Industrial Engineering from Temple University. We believe that Mr. Solomon's qualifications to serve on our Board include his many years of experience in management within the communications industry and his experience in investing in growth companies.

Patrick J. Harshman joined the Company in 1993 and was appointed President and Chief Executive Officer in May 2006. In December 2005, he was appointed Executive Vice President responsible for the majority of our operational functions, including the unified digital video and broadband optical networking divisions and global manufacturing. Prior to the consolidation of our product divisions, Mr. Harshman held the position of President of the Convergent Systems division and, for more than four years, was President of the Broadband Access Networks division. Prior to this, Mr. Harshman held key leadership positions in marketing, international sales, and research and development. Mr. Harshman earned a Ph.D. in Electrical Engineering from the University of California, Berkeley and completed an Executive Management Program at Stanford University. We believe that Mr. Harshman's qualifications to serve on our Board include his many years of industry and management experience with Harmonic and his strong background in, and understanding of, technology within the communications industry.

Harold Covert has been a director since June 2007. Since October 2010, Mr. Covert has been an independent business consultant and private investor. From October 2007 until September 2010, Mr. Covert served as an executive of Silicon Image, Inc., a semiconductor company. From October 2007 until January 2010, Mr. Covert was Chief Financial Officer of Silicon Image and, from September 2009 through September 2010, was its President. From October 2005 to August 2007, Mr. Covert was Executive Vice President and Chief Financial Officer of Openwave Systems Inc., a software applications and infrastructure company. Prior to Openwave, Mr. Covert was Chief Financial Officer at Fortinet Inc. from 2003 to 2005, and Chief Financial Officer at Extreme Networks, Inc. from 2001 to 2003. Mr. Covert is a Director and Chairman of the Audit Committee at both JDS Uniphase Corporation and Solta Medical

Inc. (formerly Thermage Inc.) and was a director of Silicon Image from January 2010 until September 2010. Mr. Covert holds a B.S. in Business Administration from Lake Erie College and an M.B.A. from Cleveland State University and is also a Certified Public Accountant. We believe that Mr. Covert's qualifications to serve on our Board include his extensive and varied experience as Chief Financial Officer of several publicly traded technology companies.

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Patrick Gallagher has been a director since October 2007. Since March 2008, Mr. Gallagher has been Chairman of Ubiquisys Ltd., a UK company which develops and supplies femtocells for the 3G mobile wireless market. From January 2008 until February 2009, Mr. Gallagher was Chairman of Macro4 Plc, a FTSE-listed global software solutions company, and from May 2006 until March 2008, he was Vice Chairman of Golden Telecom Inc., a NASDAQ-listed facilities-based provider of integrated communications. From 2003 until 2006, Mr. Gallagher was Executive Vice Chairman and served as Chief Executive Officer of FLAG Telecom Group, a global telecommunications company which owns and manages a subsea optical fiber network. From 1985 to 2002, Mr. Gallagher held senior management positions at BT Group, including Group Director of Strategy & Development, President of BT Europe and a member of the BT Executive Committee. In 2009, Mr. Gallagher was appointed to the board of Ciena Corporation. Mr. Gallagher holds a B.A. in Economics with honors from Warwick University. We believe that Mr. Gallagher's qualifications to serve on our Board include his extensive international business experience and perspective and his many years of management experience as a senior executive of a major European telecommunications service provider.

E. Floyd Kvamme has been a director since 1990. From 1984 to 2008, Mr. Kvamme was a General Partner and, most recently, Partner Emeritus of Kleiner Perkins Caufield & Byers, a venture capital firm. Mr. Kvamme is also a director of Power Integrations, Inc., as well as two private companies. He was a director of National Semiconductor from 1997 to 2007. Mr. Kvamme holds a B.S.E.E. from the University of California, Berkeley and an M.S.E. from Syracuse University. We believe that Mr. Kvamme's qualifications to serve on our Board include his years of management experience with major technology companies, as well as his experience with financing and growth planning for technology companies as a partner of a major venture capital firm

Anthony J. Ley served as Harmonic's President and Chief Executive Officer from November 1988 to May 2006 and as Chairman of the Board of Directors from 1995 until June 2008. Following his retirement as President and Chief Executive Officer of Harmonic, Mr. Ley was Chief Executive Officer of CollabRx, Inc., a privately-held biotech services company from December 2007 to December 2008. From 1963 to 1987, Mr. Ley was employed at Schlumberger Limited, both in Europe and the U.S., holding various senior business management and research and development positions, most recently as Vice President, Research and Engineering at Fairchild Semiconductor/Schlumberger in Palo Alto, California. Mr. Ley holds an M.A. in Mechanical Sciences from the University of Cambridge and an S.M.E.E. from the Massachusetts Institute of Technology, is named as an inventor on 29 patents and is a Fellow of the Institution of Engineering and Technology (UK) and a senior member of the Institute of Electrical and Electronics Engineers, Inc. We believe that Mr. Ley's qualifications to serve on our Board include his international business experience, his strong background in technology and his 18 years of experience as our President and CEO until his retirement.

William F. Reddersen has been a director since July 2002. Mr. Reddersen acts as an advisor to venture capital funds active in the technology services market. Previously, until 2000, he spent 31 years at BellSouth Corp. and AT&T Inc., most recently as Executive Vice President of Corporate Strategy. Earlier, he directed Bell South's entry into new businesses in addition to its broadband market deployment. Mr. Reddersen currently serves on the board of Otelco, Inc., an independent telephone company. Mr. Reddersen holds a B.S. in Mathematics from the University of Maryland and an M.S. in Management from the Massachusetts Institute of Technology, where he was a Sloan Fellow. We believe that Mr. Reddersen's qualifications to serve on our Board include his expertise in developing and executing corporate strategies and his extensive experience in, and knowledge of, the telecommunications industry.

David R. Van Valkenburg has been a director since October 2001. Mr. Van Valkenburg currently serves as Chairman of Balfour Associates, Inc., a firm providing counsel to chief executive officers, boards of directors and private equity funds. He is also a director of several private companies. From 1995 to 2000, he was Executive Vice President of MediaOne Group, Inc. While at MediaOne Group, Mr. Van Valkenburg was seconded to Telewest Communications, PLC (UK), where he served as Chief Executive Officer and Chief Operating Officer from 1997 to 1999. He has also

held the position of President at both Multivision Cable TV Corporation and Cox Cable Communications Inc. He was a director of Moscow CableCom Corporation from 2005 until its acquisition in 2007. He holds a B.A. from Malone College, an M.S. from the University of Kansas, and an M.B.A. from Harvard University. We believe that Mr. Van Valkenburg's qualifications to serve on our Board include his extensive experience in, and knowledge of, the cable television industry, both in the United States and in many international markets.

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BOARD MEETINGS AND COMMITTEES

The Board of Directors of the Company held a total of eight meetings during the fiscal year ended December 31, 2010. No incumbent director attended fewer than 75% of the meetings of the Board of Directors, or the committees upon which such director served, in 2010.

The Board of Directors has determined that Messrs. Covert, Gallagher, Kvamme, Ley, Reddersen, Solomon and Van Valkenburg are independent under applicable NASDAQ listing standings and have no material relationships with the Company. The Board of Directors considered that a director was on a board of directors for a company that is a supplier to the Company and concluded that the nature of this relationship did not compromise the director's independence.

The Board of Directors has an Audit Committee, a Compensation and Equity Ownership Committee and a Corporate Governance and Nominating Committee. The charters for each of these committees are posted on our website at www.harmonicinc.com.

The Audit Committee currently consists of Messrs. Covert, Gallagher and Reddersen, each of whom is independent under Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and under applicable NASDAQ Stock Market listing standards. The Audit Committee of the Board of Directors of Harmonic serves as the representative of the Board of Directors for general oversight of the quality and integrity of Harmonic's financial accounting and reporting process, system of internal control over financial reporting, management of financial risks, audit process, and process for monitoring the compliance with related laws and regulations. The Audit Committee engages the Company's independent registered public accounting firm and approves the scope of both audit and non-audit services. The Audit Committee held nine meetings during 2010.

The Company's Board of Directors has determined that Mr. Covert is an audit committee financial expert, as defined by the current rules of the Securities and Exchange Commission. The Board of Directors believes that Mr. Covert's experience as the chief financial officer of several companies publicly traded on U.S. stock exchanges qualifies him as an audit committee financial expert because he has acquired relevant expertise and experience from performing his duties as a chief financial officer.

The Compensation and Equity Ownership Committee currently consists of Messrs. Van Valkenburg, Kvamme, and Reddersen, none of whom is an employee of the Company and each of whom is independent under applicable NASDAQ Stock Market listing standards. The Compensation and Equity Ownership Committee is responsible for approval of the Company's compensation policies, compensation paid to executive officers, and administration of the Company's equity compensation plans. The Compensation and Equity Ownership Committee held five meetings during 2010. Matters within the scope of the Compensation and Equity Ownership Committee were also discussed in executive sessions at most regularly scheduled meetings of our Board of Directors. See Meetings of Non-Employee Directors on page 8 of this Proxy Statement.

The Corporate Governance and Nominating Committee serves as the representative of the Board of Directors for establishment and oversight of governance policy and the operation, composition and compensation of the Board of Directors. The Corporate Governance and Nominating Committee is currently composed of Messrs. Solomon, Gallagher, Kvamme, and Van Valkenburg, each of whom are independent under applicable NASDAQ Stock Market listing standards. The Corporate Governance and Nominating Committee held no meetings in 2010. Matters within the scope of the Corporate Governance and Nominating Committee were discussed in executive sessions at most regularly scheduled meetings of our Board of Directors. See Board Leadership on page 8 of this Proxy Statement.

The Corporate Governance and Nominating Committee has proposed, and the Board of Directors has approved, the nomination of all eight current board members for re-election by stockholders at this Annual Meeting. No candidates have been proposed for nomination by stockholders at this Annual Meeting or at any previous annual meeting.

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BOARD LEADERSHIP

We separate the roles of CEO and Chairman of the Board of Directors in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction of the Company and for its operational management, leadership and performance, while the Chairman of the Board of Directors provides guidance to the CEO and sets the agenda for, and presides over, meetings of the full Board of Directors.

MEETINGS OF NON-EMPLOYEE DIRECTORS

At each Board meeting, the non-employee directors meet in an executive session without any management directors or employees present. The Chairman of the Board of Directors and of the Corporate Governance and Nominating Committee, Mr. Solomon, has the responsibility of presiding over periodic executive sessions of the Board of Directors in which the CEO and other members of management do not participate. Last year, the non-employee directors discussed, in executive sessions, corporate strategy, risk oversight, management performance, Board of Directors performance, succession planning for management and the directors, and board policies, processes and practices in executive sessions.

ROLE OF THE BOARD IN RISK OVERSIGHT

Management is responsible for the day-to-day management of risks the Company faces, while the Board has responsibility, as a whole and also at the committee level, for the oversight of the Company's risk management. The Board regularly reviews the Company's long-term business strategy, including industry trends and their potential impact on the Company, our competitive positioning, potential acquisitions and divestitures, as well as the Company's technology and market direction. The Board also reviews information regarding the Company's actual and planned financial position and operational performance, as well as the risks associated with each. The Company's Compensation and Equity Ownership Committee is responsible for overseeing the management of risks relating to the Company's executive compensation and the Company's incentive, equity award and other benefit plans. The Audit Committee oversees management of financial risks, including, but not limited to, accounting matters, tax positions, insurance coverage and security of the Company's cash reserves. The Corporate Governance and Nominating Committee manages risks associated with the independence and remuneration of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed about such risks by committee reports and receives advice and counsel with respect to risk issues from the Company's outside counsel.

IDENTIFICATION AND EVALUATION OF, AND CRITERIA FOR, CANDIDATES FOR BOARD MEMBERSHIP

Pursuant to the charter of the Corporate Governance and Nominating Committee, the Committee may utilize a variety of methods to identify and evaluate candidates for service on the Company's Board of Directors. Candidates may come to the attention of the Corporate Governance and Nominating Committee through current directors, management, professional search firms, stockholders or other persons. Any candidate presented would be evaluated at regular or special meetings of the Corporate Governance and Nominating Committee or at executive sessions at regular board meetings and may be considered at any point during the year. The Corporate Governance and Nominating Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including candidate interviews, inquiry of the person recommending the candidate or reliance on the knowledge of the members of the Corporate Governance and Nominating Committee, the Board of Directors or management. In the past, the Corporate Governance and Nominating Committee has hired a consulting firm to assist it in identifying and screening potential candidates for election to the Board of Directors. In evaluating a candidate, the Corporate Governance and Nominating Committee may consider a variety of criteria. These criteria include demonstrated relevant business and

industry experience, particular expertise to act as a committee chair or member, the ability to devote the necessary time to the Board of Directors and committee service, personal character and integrity, potential conflicts of interest and sound business judgment. The Corporate Governance and Nominating Committee seeks nominees with a broad diversity of experiences, professions, skills, geographic representation and backgrounds.

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The Corporate Governance and Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Board of Directors believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to best fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law. The Corporate Governance and Nominating Committee has not set either term limits or age limits for members of the Board of Directors, believing that the Company's interests are best served by members of the Board of Directors with substantial experience and knowledge of the Company's business and that age is generally not a barrier to effective performance as a member of the Board of Directors.

NOMINATION PROPOSALS FROM STOCKHOLDERS

The Corporate Governance and Nominating Committee will consider proposals from stockholders for Board of Directors nominees at the 2012 Annual Meeting of Stockholders, provided that such proposals are submitted in a timely manner in accordance with the Company's bylaws, as amended, and in writing to the Secretary of the Company at Harmonic Inc., 4300 First Street, San Jose, California 95134, Attention: Secretary. If a stockholder desires to have a nominee considered by the Corporate Governance and Nominating Committee for nomination by the Board of Directors, such nomination must be received no later than January 2, 2012, which is 120 calendar days prior to the first anniversary of the date this Proxy Statement first became available to stockholders, and must be in compliance with applicable laws and regulations. In evaluating director candidates proposed by stockholders, the Corporate Governance and Nominating Committee will use the same criteria as it uses to evaluate all prospective members of the Board of Directors.

For stockholder nominations of persons for election to the Board of Directors of the Company at the 2012 Annual Meeting of Stockholders that such stockholder does not desire to have considered by the Corporate Governance and Nominating Committee for nomination by the Board of Directors, timely written notice of such nomination must be delivered to the Secretary of the Company no earlier than March 24, 2012 and no later than April 23, 2012. However, if the date of next year's Annual Meeting has been changed by more than 30 days from June 22, the date of this year's Annual Meeting, then, for a nomination notice by a stockholder with respect to next year's Annual Meeting to be timely, it must be received by the Company not later than the close of business on the later of (i) 90 calendar days prior to the date of next year's Annual Meeting, or (ii) ten calendar days following the day on which the Company first publicly announces the date of next year's Annual Meeting.

To be in proper written form, a stockholder's notice must contain (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (a) the name, age, business address and residence address of the nominee, (b) the principal occupation or employment of the nominee, (c) the class and number of shares of the Company which are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (d) whether, and the extent to which, any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Company, and a description of any other agreement, arrangement or understanding, the effect or intent of which is to mitigate loss to, or manage the risk or benefit from share price changes for, or increase or decrease the voting power of the nominee, with respect to any securities of the Company, (e) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (f) a written statement executed by the nominee acknowledging that, as a director of the Company, the nominee will owe fiduciary duties under Delaware law with respect to the Company and its stockholders, and (g) any other information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including, without limitation, the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to such stockholder proposing a

nominee for election to the Board of Directors of the Company, (a) the information set forth in Stockholder Proposal Procedures and Deadlines on page 3 of this Proxy Statement for a stockholder notice of business to be brought before an annual meeting, and (b) a statement whether either such stockholder or any associated person of such stockholder will deliver a proxy statement and form of proxy to holders of a number of the Company's voting shares reasonably believed by such stockholder or associated person of such

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stockholder to be necessary to elect such nominee(s). A copy of the full text of the bylaw provisions discussed herein may be obtained by writing to the Company's Secretary at our principal offices, or can be accessed from the Company's filings with the SEC at www.sec.gov.

COMPENSATION OF DIRECTORS

As compensation for its non-employee directors, Harmonic uses a combination of cash and equity-based incentive compensation. Directors who are employees of the Company do not receive additional compensation for their service as directors.

Cash Compensation. Each non-employee director is paid an annual retainer of \$35,000. In addition, the Chair of the Audit Committee is paid an annual retainer of \$20,000, the Chair of the Compensation and Equity Ownership Committee is paid an annual retainer of \$12,000, and the Chair of the Corporate Governance and Nominating Committee is paid an annual retainer of \$7,500. Other members of the Board committees receive an annual retainer as follows: Audit Committee \$10,000; Compensation and Equity Ownership Committee \$6,000; and Corporate Governance and Nominating Committee \$3,500. The non-executive Chairman of the Board of Directors receives an additional annual retainer of \$25,000. No fees are paid for attending in-person or telephonic meetings of Board of Directors or its committees.

Equity Compensation. The 2002 Director Stock Plan, as amended, currently provides for grants of stock options or restricted stock units to be made in three ways:

Initial Grants. Each new non-employee director who joins the Company's Board of Directors (excluding a former employee director who ceases to be an employee director, but who remains a director) is entitled to receive stock options or restricted stock units, or a mix thereof, on the date that the individual is first appointed or elected to the Board of Directors, as determined by the Board of Directors in its sole discretion.

Ongoing Grants. On the date each non-employee director is reelected to the Board of Directors, each non-employee director who has served on the Board of Directors for at least six months will receive stock options or restricted stock units, or a mix thereof, as determined by the Board of Directors in its sole discretion.

Discretionary Grants. The Board of Directors may make discretionary grants of stock options or restricted stock units, or a mix thereof, to any non-employee director.

2010 COMPENSATION OF DIRECTORS

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(2)(3)	Total \$(4)
Lewis Solomon	67,500	67,023	134,523
Patrick J. Harshman(1)			
Harold Covert	55,000	67,023	122,023
Patrick Gallagher	48,500	67,023	115,523
E. Floyd Kvamme	44,500	67,023	111,523
Anthony J. Ley	35,000	67,023	102,023
William F. Reddersen	51,000	67,023	118,023
David R. Van Valkenburg	50,500	67,023	117,523

- (1) Compensation earned in 2010 by Mr. Harshman for his service as CEO is shown in the Summary Compensation Table on page 30 of this Proxy Statement. Mr. Harshman receives no compensation for his service as a director.
- (2) The amounts in this column represent the aggregate grant date fair value of awards for grants of restricted stock units to each listed director in 2010, computed in accordance with applicable accounting guidance. These amounts do not represent the actual amounts paid to or realized by the directors during 2010.

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- (3) Grants of restricted stock units under our 2002 Director Stock Plan were made on June 9, 2010 to each of the Company's non-employee directors. Each grant was for 12,481 shares, with full vesting to occur on February 15, 2011.
- (4) Neither the non-employee directors nor Mr. Harshman received any other compensation for their services as a director.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2010

The following table provides the number of shares of common stock subject to outstanding options and restricted stock units held by the directors of the Company at December 31, 2010.

	Unvested Restricted Stock Units Outstanding	Stock Options Outstanding
Lewis Solomon	12,481	84,000
Patrick J. Harshman(1)	170,625	1,225,000
Harold Covert	12,481	30,000
Patrick Gallagher	12,481	30,000
E. Floyd Kvamme	12,481	80,000
Anthony J. Ley(2)	12,481	319,998
William F. Reddersen	12,481	80,000
David R. Van Valkenburg	12,481	84,000

- (1) All restricted stock units and options awarded to Mr. Harshman were for services as an employee. Mr. Harshman did not receive equity grants for service as a director.
- (2) All options awarded to Mr. Ley were for prior services as CEO or consultant.

COMMUNICATION WITH THE BOARD OF DIRECTORS

The Board of Directors believes that management should be the primary means of communication between the Company and all of its constituencies, including stockholders, customers, suppliers and employees. However, stockholders may communicate with individual members of the Board of Directors, committees of the Board of Directors, or the full Board of Directors by addressing correspondence to a Board member's attention at the Company, 4300 First Street, San Jose, California 95134.

ATTENDANCE OF THE BOARD OF DIRECTORS AT ANNUAL MEETINGS

Two members of the Board of Directors attended the 2010 Annual Meeting of Stockholders. The Board of Directors has a policy encouraging the Board of Directors to be represented at annual stockholder meetings and anticipates that the Chairman of the Board of Directors will be present at the 2011 Annual Meeting.

VOTE REQUIRED AND RECOMMENDATION

The eight nominees receiving the highest number of affirmative votes of the shares entitled to vote on this matter shall be elected as directors. Votes withheld from any director will be counted for purposes of determining the presence or absence of a quorum, but are not counted as affirmative votes.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING FOR EACH OF THE DIRECTOR NOMINEES SET FORTH ABOVE.

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PROPOSAL TWO

ADVISORY VOTE ON EXECUTIVE COMPENSATION