

HARMONIC INC.
BOARD OF DIRECTORS AUDIT COMMITTEE CHARTER
(as revised April 2004)

PURPOSE:

The purpose of the Audit Committee of the Board of Directors of Harmonic Inc. (the “Company”) shall be:

- To assist the board of directors in overseeing:
 - The Company’s internal control over financial reporting;
 - The integrity of the Company’s consolidated financial statements; and
 - The Company’s compliance with legal and regulatory requirements.
- To provide the Company’s board of directors with the results of its oversight and recommendations derived therefrom;
- To prepare the report that the rules and regulations of the Securities and Exchange Commission (the “SEC”) require be included in the Company’s annual proxy statement;
- To outline to the board of directors improvements made, or to be made, in internal control over financial reporting;
- To appoint independent auditors to audit the Company’s consolidated financial statements and oversee the activities, qualifications, performance and independence of the auditors; and
- To provide to the board of directors such additional information and materials as it may deem necessary to make the board of directors aware of significant financial matters that require the attention of the board of directors.

The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the board of directors may from time to time prescribe.

MEMBERSHIP

The Audit Committee members will be appointed by, and will serve at the discretion of, the board of directors and will consist of at least three members of the board of directors. The members will meet the following criteria:

- Each member will be an independent director, as defined in (i) Nasdaq Rule 4200 and (ii) Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and (iii) the rules and regulations of the SEC (the “SEC Rules”);
- Each member will be able to read and understand fundamental financial statements, in accordance with the Nasdaq National Market Audit Committee requirements; and
- At least one member will qualify as an audit committee financial expert under Nasdaq and SEC Rules and regulations.

Notwithstanding the foregoing, one director who meets the independence standards set forth under the applicable SEC Rules, but who does not meet all of the standards set forth under Nasdaq Rule 4200, may serve on the Audit Committee for a limited time in compliance with applicable Nasdaq rules.

RESPONSIBILITIES

The responsibilities of the Audit Committee shall include:

Engagement and Oversight of Independent Auditors:

- Exercising its sole authority to appoint or replace the Company’s independent auditors (subject, if applicable, to stockholder ratification);
- Reviewing fee arrangements with the independent auditors, including pre-approving audit and non-audit services provided to the Company by the independent auditors and subsequently approving non-

audit services in those circumstances where a subsequent approval is necessary and permissible; in this regard:

- the Audit Committee shall have the sole authority to approve all audit engagement fees and terms and all non-audit engagements with the independent auditors, to the extent such engagements are permissible under the SEC Rules and the rules of Nasdaq;
- the Audit Committee may elect to form and delegate authority to subcommittees consisting of one or more members, when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting;
- the Audit Committee may establish pre-approval policies and procedures that are detailed as to the particular services, provided the Audit Committee is informed of each service and such policies and procedures do not include a delegation of the Audit Committee’s responsibilities under the Securities Exchange Act of 1934 to management;
- Reviewing the independent auditors’ proposed audit scope and approach;
- Providing for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee;
- Discussing with the independent auditors, before filing with the SEC, the Company’s interim consolidated financial statements and the related disclosures included in Quarterly Reports on Form 10-Q, including the results of the independent auditors’ reviews of the quarterly consolidated financial statements in accordance with professional standards and procedures for conducting such reviews;
- Discussing with the independent auditors, before filing with the SEC, the audited consolidated financial statements and Management Discussion and Analysis of Financial Condition and Results of Operations included in the Annual Report on Form 10-K;
- Overseeing (i) the Company’s relationship with its independent auditors, including their activities with respect to the Company’s financial reporting process and the Company’s internal control over financial reporting; (ii) the independence of the independent auditors; and (iii) compliance with SEC Rules for disclosure of auditors’ services. This oversight will include:
 - Requiring the independent auditors to deliver to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the auditor and the Company, consistent with Independent Standards Board Standard No. 1, and engaging in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
 - actively engaging in dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and recommending that the board of directors take appropriate action to satisfy itself with regard to the auditors’ independence;
 - discussing with the independent auditors the consolidated financial statements and audit findings, including any significant adjustments; management judgments and accounting estimates; significant new accounting policies; disagreements with management; any other matters described in Statement of Accounting Standards (“SAS”) No. 61, as modified or supplemented; all critical accounting policies and practices used or to be used; all alternative treatments within generally accepted accounting principles (“GAAP”) for policies and practices related to material items that have been discussed with management (including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors); all material written communications between the independent auditors and the Company, such as any management letter or schedule of unadjusted differences; and any other suggestions for improvements provided to management by the independent auditors; and
 - discussing with the independent auditors any reports submitted to the Audit Committee by the independent auditors in accordance with applicable SEC requirements, including any attestation report on management’s assessment of internal control over financial reporting; and

- discussing with the independent auditors any significant matters regarding internal control over financial reporting that came to the independent auditors’ attention during the conduct of their audit;

Review of Financial Disclosures, Internal Control Over Financial Reporting, Disclosure Controls and Procedures, Accounting Policies and Related Matters

- Overseeing management’s activities with respect to the Company’s financial reporting process;
- Discussing with management, before filing with the SEC, the Company’s interim consolidated financial statements and the related Management Discussion and Analysis of Financial Condition and Results of Operations included in Quarterly Reports on Form 10-Q;
- Discussing with management, before filing with the SEC, and recommending to the board of directors for inclusion in the Company’s Annual Report on Form 10-K, the audited consolidated financial statements and Management Discussion and Analysis of Financial Condition and Results of Operations;
- Discussing with management on a continuing basis the adequacy of the Company’s system of internal control over financial reporting and the Company’s disclosure controls and procedures, including (i) meeting periodically with the Company’s management to review the adequacy of such internal control over financial reporting and disclosure controls and procedures and (ii) discussing with management before release the disclosure regarding such system of internal control over financial reporting and disclosure controls and procedures required under SEC rules to be contained in the Company’s periodic filings;
- Discussing with management and the independent auditors, before release, the unaudited quarterly operating results in the Company’s quarterly earnings release as well as the annual results included in the Company’s year-end earnings release;
- Discussing with management such accounting policies and practices (and changes therein) of the Company as are deemed appropriate for review by the Audit Committee prior to any interim or year-end filings with the SEC or other regulatory body;
- Discussing with management the selection, application and disclosure of the Company’s critical accounting policies and practices, including an analysis of the effect of alternative treatments within GAAP for policies and practices relating to material items;
- Reviewing with management and the independent auditors the effect of regulatory and accounting initiatives that, in the Audit Committee’s judgment, may have a material effect on the Company’s consolidated financial statements;

Reporting to the Board, General Compliance and Related Matters

- Providing a report in the Company’s proxy statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A;
- Reviewing the Audit Committee’s own structure, processes and membership requirements and overseeing compliance with the requirements of the SEC for disclosure of audit committee members, member qualifications and activities;
- Reporting at least quarterly to the board of directors regarding fulfillment of the Audit Committee’s responsibilities and such other matters that the Audit Committee deems appropriate to report to the board of directors or as requested by the board of directors;
- Securing independent expert advice, including retaining independent counsel, accountants, consultants or others, to assist the Audit Committee in fulfilling its duties and responsibilities;
- If necessary, instituting special investigations with full access to all books, records, facilities and personnel of the Company and, if appropriate, hiring special counsel or other experts to assist in such investigations;
- Discussing with management and (when appropriate) counsel, when necessary, any legal matters generally, including those that could have a significant impact on the Company’s consolidated financial statements;
- Reviewing proposed related party transactions for potential conflicts of interest and approving all such transactions in advance;

- Establishing and maintaining free and open means of communication between and among the board of directors, the Audit Committee, the Company's independent auditors and management, including providing such parties with appropriate opportunities to meet privately with the Audit Committee;
- Providing oversight and review of the Company's investment policies;
- Overseeing compliance by the Company's chief executive officer and senior financial officers with the Code of Ethics for Principal Executive and Senior Financial Officers, as adopted by the Company;
- Overseeing compliance by the Company's employees with Code of Business Conduct and Ethics, as adopted or to be adopted by the Company;
- Establishing procedures for receiving, retaining and treating complaints received by the Company regarding its practices and procedures for the confidential, anonymous submission by employees of concerns regarding questionable practices (including with respect to accounting or auditing matters);
- Overseeing management's monitoring of compliance with the Foreign Corrupt Practices Act; and
- Performing such other duties as may be requested or delegated by the board of directors.

While the Audit Committee has the responsibilities and powers set forth in this Charter, the Company's financial statements are the responsibility of management and the independent auditors are responsible for planning and conducting audits to determine whether the Company's consolidated financial statements present fairly in all material respects the financial position of the Company.

MEETINGS

The Audit Committee will meet as often as it determines, but not less frequently than once quarterly. The Audit Committee, in its discretion, will ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee will meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Company at such times as it deems appropriate in order to review the financial affairs of the Company. The Audit Committee will meet periodically in separate executive session with the independent auditors at such times as it deems appropriate in order to fulfill the responsibilities of the Audit Committee under this charter.

MINUTES

The Audit Committee will maintain written minutes of its formal meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

REPORTS

Apart from the report prepared pursuant to Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A, the Audit Committee will summarize its examinations and recommendations to the board of directors in written form from time to time as the Audit Committee deems appropriate, consistent with the Audit Committee's charter.