

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF SYCAMORE NETWORKS, INC.  
AS ADOPTED BY THE BOARD ON AUGUST 18, 2004**

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Sycamore Networks, Inc. (the "Company"). The purpose of the Committee is to assist the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company, including, without limitation, (a) overseeing, or assisting the Board's oversight of, (i) the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, (ii) the integrity of the Company's financial statements, (iii) the Company's compliance with legal and regulatory requirements, (iv) the Company's independent auditors' qualifications and independence, and (v) the performance of the Company's independent auditors, and (b) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement.

The Committee shall be comprised of three or more directors as determined by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the Nasdaq National Market (the "Nasdaq") and the Sarbanes – Oxley Act of 2002 (the "Act"), the rules and regulations promulgated by the SEC pursuant to the Act (the "Regulations") and any additional requirements that the Board deems appropriate.

All members of the Committee shall be financially literate in accordance with the requirements of Nasdaq. "Financial literacy" shall be determined by the Board in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand fundamental financial statements including a balance sheet, income statement and statement of cash flows. At least one member of the Committee shall have the financial expertise required pursuant to the requirements of Nasdaq, the Act and the Regulations. Committee members, if they or the Board deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Company or an outside consultant or firm.

The Committee shall have the authority to retain, and determine the funding for, independent counsel, consultants or others to assist the Committee in fulfilling its duties and responsibilities, as it deems necessary, the cost of such independent expert advisors to be borne by the Company. The Company will bear all expenses relating to the compensation of any registered public accounting firm (referred to herein as the "independent auditors") engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, as well as administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have the sole authority and responsibility for, the appointment, retention, and oversight of, and determination of funding for, any independent auditors as set forth in the requirements of Nasdaq and Section 10A(m)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any

members of, or consultants to, the Committee. It is the objective of the Committee to maintain free and open means of communication among the Board, the independent auditors and the financial and senior management of the Company.

The Committee shall make regular reports to the Board.

The Committee shall:

1. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
2. Review with management and the Company's independent auditors the following:
  - (a) the Company's annual audited financial statements including disclosure under Management Discussion and Analysis included in the Company's Annual Report on Form 10-K prior to their filing with the SEC and review and consider with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61, as amended;
  - (b) the Company's quarterly financial statements including disclosure under Management Discussion and Analysis prior to the filing of the Company's Quarterly Reports on Form 10-Q;
  - (c) critical accounting policies and such other accounting policies of the Company as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body, including (i) any financial reporting issues which could have a material impact on the Company's financial statements, (ii) the reasons why certain estimates or policies are or are not considered critical and how current and anticipated future events impact those determinations, and (iii) an assessment of management's disclosures along with any significant proposed modifications by the auditors that were not included;
  - (d) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - (e) all other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences;
  - (f) all material financial arrangements of the Company which do not appear on the financial statements of the Company;
  - (g) major changes to the Company's accounting principles and practices as suggested by the independent auditors or management; and

- (h) any problems or difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any changes required in the planned scope of the audit.
- 3. Appoint, in its sole discretion, the independent auditors, which firm is ultimately accountable to the Committee, as representatives of the stockholders of the Company and shall report directly to the Committee.
- 4. Review and, in its sole discretion, approve in advance the annual engagement letter from the independent auditors, including the proposed audit fees to be paid to the independent auditors, as well as all audit and, as provided in the Act and the Regulations, all permitted non-audit engagements and relationships between the Company and the auditors as set forth in Section 10A(i) of the Exchange Act (which approval should be made after receiving input from the Company's management). Approval of audit and permitted non-audit services may also be made by one or more members of the Committee as shall be designated by the Committee and the decision of such person(s) to preapprove an activity shall be presented to the full Committee at each of its scheduled meetings.
- 5. Review the performance of the independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the replacement or termination of the independent auditors when circumstances warrant.
- 6. Meet with the independent auditors prior to the audit to review the planning and scope of the audit and monitor such plan's progress and results during the year.
- 7. Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, assign additional internal audit projects to the Company's internal auditing department;
- 8. Resolve all disagreements between the independent auditors and management regarding financial reporting.
- 9. Obtain from the independent auditors assurance that they will inform the Company's management concerning any information indicating that an illegal act has or may have occurred that could have a material effect on the Company's financial statements, and ensure that such information has been conveyed to the Committee.
- 10. Evaluate the independence of the Company's independent auditors by, among other things:
  - (a) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating any relationships that may reasonably be thought to bear on the independence of the independent auditors from the Company;

- (b) actively engaging in a 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 take appropriate action to oversee the independence of the independent auditors;
  - (c) ensuring that the lead (or coordinating) audit partner and reviewing partner responsible for the audit of the Company's financial statements have not performed audit services for the Company for more than the previous five consecutive fiscal years of the Company and otherwise monitoring compliance by the Company's auditors with the audit partner rotation requirements contained in the Act and the Regulations;
  - (d) ensuring that the chief executive officer, controller, chief financial officer, chief accounting officer or other person serving in an equivalent position of the Company, was not, within one year prior to the initiation of the audit, an employee of the independent auditor who participated in any capacity in the Company's audit;
  - (e) ensuring that employment relationships with the Company of former or current employees of the independent auditors comply with the requirements contained in the Act and the Regulations; and
  - (f) engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with applicable Regulations.
11. Review with the chief executive officer and chief financial officer and independent auditors, periodically, the following:
- (a) all significant deficiencies and material weaknesses in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data, including any material weaknesses in internal controls;
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
  - (c) any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.
12. Review and approve or disapprove any proposed transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K);

13. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Business Code of Ethics and Corporate Governance. Discuss with management and the independent auditors any condition which comes to their attention indicating that the Company's subsidiaries and affiliated entities, domestic and foreign, are not conforming to the applicable legal requirements or the Company's Business Code of Ethics and Corporate Governance.
14. Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.
15. Review the Company's legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
16. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
17. Meet with such frequency and at such intervals as the Committee shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Committee shall meet at least annually with management and the Company's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The chairperson of the Committee (the "Chairman") shall be designated by the Board, provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson. Any vacancy on the Committee shall be filled by majority vote of the Board. The Chairman should work with the Chief Financial Officer and management to establish the agendas for Committee meetings. No member of the Committee shall be removed except by majority vote of the Board. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities and provide copies of such minutes to the Board.
18. Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.
19. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Business Code of Ethics and Corporate Governance.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.