

PMC-SIERRA, INC.
AUDIT COMMITTEE CHARTER
AS OF FEBRUARY 9, 2012

This Audit Committee Charter (“Charter”) has been adopted by the Board of Directors (the “Board”) of PMC-Sierra, Inc (“Company” or “PMC”). The Audit Committee of the Board (the “Committee”) shall review and reassess this Charter at least annually and recommend any proposed changes to the Board for approval.

PURPOSE OF THE COMMITTEE

The purpose of the Committee is to oversee the accounting and financial reporting, risk management and “whistleblower” processes of the Company and its subsidiaries and the external audits of the financial statements of the Company.

MEMBERSHIP AND ORGANIZATION

The membership of the Committee shall consist of at least three directors, who are each free of any relationship that, in the opinion of the Board, may interfere with such member's individual exercise of independent judgment and who meet the requirements of The Nasdaq Stock Market, Inc. (“Nasdaq”) and the Securities and Exchange Commission (“SEC”) for serving on audit committees. At least one member of the Committee shall be designated by the Board as the “audit committee financial expert” as defined by Nasdaq and SEC.

RESPONSIBILITIES AND AUTHORITY

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of PMC. It may also have such other duties as may from time to time be assigned to it by the Board. The Committee shall maintain free and open communication with the independent auditors and Company management.

The Committee is empowered to investigate any matter relating to PMC's accounting, internal control or financial reporting practices brought to its attention, with full access to all Company books, records, facilities and personnel. The Committee has the authority to engage and determine funding for independent counsel and other advisors, as it deems necessary to carry out its duties.

Although the Committee may wish to consider other duties from time to time, the general recurring activities of the Committee in carrying out its oversight role are described below. The Committee shall be responsible for:

- **Appointing, compensating, retaining and overseeing the work of the independent auditors** (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Committee.

- **Pre-approving any audit and permitted non-audit services** provided to the Company by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Committee shall have the sole authority to approve the hiring and firing of the independent auditors, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the independent auditors.
- **Obtaining annually from the independent auditors a formal written statement describing all relationships between the auditors and PMC**, consistent with Independence Standards Board Standard Number 1. The Committee shall actively engage in a dialogue with the independent auditors with respect to any relationships that may impact the objectivity and independence of the auditors and shall take, or recommend that the Board take, appropriate actions to oversee and satisfy itself as to the auditors' independence. The Committee will review and approve hiring policies for employees or former employees of the past and present independent auditors.
- **Reviewing the audited financial statements and any report rendered by the independent auditors** and discussing them with management and the independent auditors. These discussions shall include the matters required to be discussed under Statement of Auditing Standards No. 61 and consideration of the quality of PMC's accounting principles as applied in its financial reporting, including a review of particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments (whether or not recorded), and other such inquiries as the Committee or the independent auditors shall deem appropriate. Based on such review, the Committee shall make its recommendation to the Board as to the inclusion of PMC's audited financial statements in PMC's Annual Report on Form 10-K.
- **Reviewing and discussing with management and the independent auditor earnings press releases, as well as financial information and earnings guidance** provided to analysts and rating agencies prior to such information being disclosed.
- **Reviewing and discussing reports from the independent auditors on all critical accounting policies and practices used by PMC**, alternative accounting treatments within GAAP related to material items that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent auditor, and other material written communications between the independent auditor and management.
- **Issuing annually a report to be included in PMC's proxy statement** as required by the rules of the SEC.
- **Discussing with a representative of management and the independent auditors any issues arising from the independent auditor's review** of the quarterly financial statements prior to the filing of PMC's Quarterly Report on Form 10-Q.

- **Reviewing with management, internal audit and the independent auditors the quality and adequacy of and compliance with PMC's internal controls and fraud prevention policies and programs**, management's report on internal controls and fraud prevention, and the independent auditor's attestation and report on management's assertions, as required by Section 404 of the Sarbanes-Oxley Act, and ensuring that any noted deficiencies in internal controls are addressed in a timely manner.
- **Discussing with management and/or PMC's general counsel any legal matters** (including the status of pending litigation) that may have a material impact on PMC's financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- **Establishing procedures for the receipt, retention and treatment of complaints received by PMC regarding accounting, internal accounting controls or auditing matters** and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- **In connection with each periodic report of PMC, reviewing and discussing with management**, as appropriate:
 - management's disclosure to the Committee and the independent auditor under **Section 302** of the Sarbanes-Oxley Act.
 - the contents of the Chief Executive Officer and Chief Financial Officer certificates to be filed under **Section 302 and 906** of the Sarbanes-Oxley Act.
- **Reviewing any report, by an attorney representing PMC, of a material violation of securities law, material breach of fiduciary duty, or similar violation of U.S. federal or state law as PMC's Qualified Legal Compliance Committee.**
- **Reviewing policies and procedures with respect to transactions between PMC and officers and directors** or their affiliates (Related Party Transactions) and approving any proposed Related Party Transactions (including all transactions required to be disclosed by Item 404(a) of Regulation S-K).
- **Monitoring the appropriate standards related to accounting and/or financial controls and reporting within PMC's Code of Conduct and Business Ethics** and reviewing compliance with such standards.
- **Approving the appointment, replacement, reassignment or dismissal of the Director of Internal Audit.** Reviewing the overall scope, qualifications, resources, activities, reports and effectiveness of the internal audit function. Reviewing significant audit findings and managements response thereto. Ensuring that internal audit activity is free from interference in determining the scope of internal auditing, performing work, and communicating results.

- **Inquiring of management, internal audit and PMC’s independent auditor with respect to significant risks or exposures and assessing the steps management has taken to minimize such risks.** Discussing with management, internal audit and PMC’s independent auditor PMC’s systems and policies with respect to risk monitoring, assessment and management.

The Committee's job is one of oversight. Management is responsible for the preparation of PMC's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee and the Board recognize that management and the independent auditors have more resources and time, and more detailed knowledge and information regarding PMC's accounting, auditing, internal control and financial reporting practices than the Committee does; accordingly the Committee's oversight role does not provide any expert or special assurance as to the financial statements and other financial information provided by PMC to its stockholders and others.

MEETINGS, REPORTS AND RESOURCES OF THE COMMITTEE

Meetings. The Committee shall meet at least six times a year, or more frequently as the Committee considers necessary. At least once each year the Committee shall have separate private meetings with the independent auditors, management and the director of the Company’s internal auditing department or other person responsible for the internal audit function.

The chairperson will also maintain regular liaison with the CEO, CFO, and the lead independent audit partner. The Committee, as it may determine to be appropriate, may meet in separate executive sessions with other directors, the chief executive officer and other Company employees, agents or representatives invited by the Committee.

Procedures. The Committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this Charter, the Bylaws of the Company (the “Bylaws”) or the Nasdaq listing standards. The chairperson or majority of the Committee members may call meetings of the Committee. An agenda of each meeting will be prepared and circulated to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the bylaws applicable to meetings of Board committees will govern meetings of the Committee. A majority of the authorized number of Committee members shall constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this Charter, the Bylaws or the Nasdaq listing standards. The Committee shall keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

Committee Access and Resources. The Committee is at all times authorized to have direct, independent access to the Company’s other directors, management and personnel to carry out the Committee’s purposes. The Committee is authorized to communicate in confidence with any of these individuals.

Experts. The Committee has the power, in its discretion, to retain at the Company's expense such independent counsel and other advisors and experts as it deems necessary or appropriate to carry out its duties, the cost of such advisors to be borne by the Company.

Reliance. In carrying out its duties, the Committee will act in reliance on management, the independent public accountants, internal auditors, and outside advisors and experts as it deems necessary or appropriate. The Committee has the authority to conduct any investigation it deems necessary or appropriate to fulfilling its duties.

Annual Review of this Charter. The Committee will review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board.

Other. Nothing in this Charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by members of the Committee on reports or other information provided by others.