

SHORETEL, INC.

CORPORATE GOVERNANCE GUIDELINES

Adopted June 1, 2007
As amended August 5, 2008

I. *Purpose and Nature*

These guidelines have been adopted by the Board of Directors of ShoreTel, Inc. (the “**Board**”) as a statement of the principles of governance by which the Board will manage its affairs and serve as a reflection of the Board's commitment to sound corporate governance. The guidelines also assure that the Board will have the necessary practices and procedures in place to review and evaluate ShoreTel (the “**Company**”) business operations as needed and to make decisions that are independent of the Company's management. These guidelines may be modified by the Board from time to time as the Board deems necessary or advisable.

II. *Director Responsibilities and Expectations*

The core responsibility of the directors is to exercise their business judgment and to act in what they reasonably believe to be in the best interests of the Company.

Serving on a board requires significant time and attention on the part of directors. Directors must participate in board meetings, review relevant materials, serve on board committees and prepare for meetings and discussions with management. Consequently, directors must be willing and able to make the necessary time commitment.

Consistent with the Company's Code of Conduct, directors are expected to notify the Lead Director, Chairman, President and Chief Executive Officer (“**CEO**”), and the Secretary before accepting a seat on the board of another public company in the event that tenure on such board raises a potential conflict of interest.

Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; they are expected to act with integrity; and they are expected to demonstrate a commitment to the Company, its values and its business plan and to long-term shareholder value.

In performing their oversight responsibilities, directors rely on the competence and integrity of management in carrying out their responsibilities. It is the responsibility of management to operate the Company in an effective and ethical manner in order to produce value for shareholders.

III. *Board Membership*

A. Number of Directors; Independence

The number of members of our Board of Directors of the Company shall be reviewed periodically by the Company's Corporate Governance and Nominating Committee ("**Governance and Nominating Committee**"). A majority of our directors shall meet the definition of "Independent Directors" within the meaning of the applicable rules of the Nasdaq Stock Market, Inc. or other exchange on which the Company's securities are listed. The Governance and Nominating Committee will annually review the independence requirements on an annual basis.

B. Selection of New Director Candidates

The Governance and Nominating Committee is responsible for identifying and recommending to the Board qualified candidates to fill vacancies on the Board, as provided in the Charter of the Governance and Nominating Committee (the "**Charter**").

C. Director Candidate Criteria

Each director shall have the ability to apply good business judgment and must be able to exercise his or her duties of loyalty and care. As part of the annual Board evaluation processes, each director must evaluate whether he or she can make the necessary time commitment to properly exercise the duties and obligations of the position. Candidates for the position of director should exhibit proven leadership capabilities, high integrity, exercise high level responsibilities within their chosen careers, and have an ability to quickly grasp complex principles of business, finance, international transactions, and communication technologies. In general, candidates will be preferred who hold or have held an established executive level position in business, finance, law, education, research, government or civic activity. The Governance and Nominating Committee may specify any additional minimum qualifications for service as a member of the Board.

D. Extending an Invitation

The invitation to join the Board is to be extended by the Board, acting through the Board Chair, the Lead Director, or the Chair of the Governance and Nominating Committee.

E. Director Orientation and Continuing Education

Materials and briefings are provided to new directors, on an individualized basis, to permit them to become familiar with the Company's business, industry and corporate governance practices.

The Company also encourages its directors to participate, either through attending or presenting at continuing director education programs intended to enhance their participation in the Board and stay up to date with current corporate governance issues and principles.

The Company will reimburse Board members for expenses associated with continuing education programs. It is expected that directors will equally apportion their expenses among all of the companies on whose boards they serve.

F. Changes in Principal Position or Responsibility

Any director who is employed by the Company will submit to the Board Chair and Governance and Nominating Committee Chair a written resignation as a director of the Board upon the termination of employment (for any reason) with the Company.

A non-employee director who experiences a material change in his or her principal employment or professional position at any time after being elected to the Board shall so notify the Board. The Board will determine whether or not the continued service of such individual as a director of the Board will be in the best interests of the Company and its shareholders.

G. Term Limitations, Retirement and Other Directorships

Membership on the Board is not subject to term limits other than mandatory retirement.

A director may not stand for election or reelection if at the time of the next Annual Meeting that director has attained the age of 75.

Consistent with the spirit of integrity and ethical behavior of the Company's Code of Conduct, a director shall not contemporaneously serve on such a number of other public company boards of directors which will adversely impact the performance of his or her obligations and duties as a member of director of the Board of the Company.

H. Stock Ownership

Directors are encouraged to own stock of the Company to align more closely their interest with those of the shareholders in general. Such holdings should be considered long-term investments, and short-term investments in the Company's stock are discouraged.

IV. *Functioning of the Board*

A. Board Chairman and CEO

Consistent with the Company's Bylaws, the Chairman of the Company's Board is elected by the Board of Directors and presides at meetings of the Board. The Company's CEO is also designated by our Board of Directors. The CEO, under the direction and oversight of our Board, generally manages the business and affairs of the Company. The CEO ensures the directives and policies adopted by the Board are carried out and fulfills the responsibilities of the office set forth in our Bylaws. The CEO also may serve as Chairman of the Board, if deemed appropriate by the Board. In such a case, the Board shall also elect a Lead Director from the independent directors and who shall perform his or her duties consistent with the Company's Lead Director Guidelines.

B. Frequency of Board Meetings

A minimum of four regular meetings of the Board are held each year. Additional meetings will be held as needed and shall be called in accordance with our Bylaws. At least one meeting per year may be an extended meeting focusing on long-range strategies of the Company or Board governance matters.

C. Agenda Items for Board Meetings

Each meeting may include regular items of business as well as special items that may require consideration by the Board. The Lead Director works with the Board Chair to develop the agenda for each meeting. Individual directors are encouraged to suggest additional topics for inclusion on the agenda.

D. Board Materials Distributed in Advance

In advance of each meeting, information important to the Board's understanding of issues scheduled for discussion at the ensuing Board meeting are distributed in writing to the Board through the Company's Secretary. Those responsible for preparing such information shall see that this material is concise, while still providing the information necessary to ensure an informed judgment can be reached.

E. Attendance at Board and Committee Meetings

Each of our directors is expected to make every reasonable effort to participate in all meetings of the Board. The Secretary of the Company also attends each meeting of the Board and its Committees and serves as the Board Secretary. Appropriate officers of the Company may be invited by the Board, Committee Chair, or Chief Executive Officer to attend the general session of the regular meetings of the Board. The Board encourages Management to bring managers

into Board and Committee meetings from time to time who: (a) can provide additional insight on items being discussed, or (b) have potential for additional leadership responsibilities.

Proxy materials of the Company prepared in connection with the Annual Meeting of the shareholders must provide certain disclosures related to Board and Board committee meeting attendance as required by the rules of the U.S. Securities and Exchange Commission.

F. Sessions of Non-Management and Independent Directors

The Chairman of the Board, or Lead Director, whichever is independent, shall lead regularly scheduled meetings and meetings as required of non-management directors.

G. Matters for Board Consideration

In addition to matters requiring specific approval, the Board receives and considers regular reports regarding the long-term strategy, business operations, financial condition and other affairs of the Company and provides advice and counsel to management regarding such topics. Periodically, the Board establishes standards for transactions and commitments that require Board approval. Examples of this include the annual operating plan for the Company and significant transactions not in the ordinary course of business or any matter requiring approval under the Company's Articles of Incorporation or Bylaws. The respective Committee Charters also specify certain matters requiring review and approval by the Committees.

H. Board Access to Management

Board members have complete access to Management and all information regarding the business or the affairs of the Company. It is assumed that Board members will use judgment to assure this contact is not distracting to the business operation of the Company, and that such contact, if in writing, be copied to the Chief Executive Officer and the Board Chair.

I. Evaluation of the Chief Executive Officer

The Compensation Committee will evaluate the performance and effectiveness of the Chief Executive Officer annually, based on objective criteria, which includes performance of the business, accomplishment of long-term strategic objectives, and management development, and will report its findings and recommendations to the full Board. The Chair of the Compensation Committee shall perform the CEO annual evaluation. The results of this evaluation will be reported to the Board in a session of non-management Directors.

J. Succession Planning; Management Development; Human Resource Strategy

The Chief Executive Officer will present an annual report to the Board regarding succession planning, senior executive evaluation and development and the Company's human resource strategy. The Board, in its discretion, may receive this report through the Governance and Nominating Committee.

K. Board Communication with Stakeholders

The Board believes that Management should speak on behalf of the Company to parties such as investors, media, customers, suppliers, employees and other constituents. From time to time, individual directors may be requested by Management to meet or otherwise communicate with various constituencies involved with the Company. In addition, the Board and its Committees shall issue reports directly to the Company's shareholders, as the Board deems appropriate. Examples of this include annual reports of the Compensation and Audit Committees in connection with the Company's annual proxy statement.

L. Code of Business Conduct and Code of Ethics

The Company has adopted a Code of Business Conduct & Ethics, which makes clear our standards of high integrity and ethical behavior as well as the requirement of compliance with all applicable laws in the conduct of the Company's business. In addition this code is consistent with the requirements of the Sarbanes-Oxley Act and within the meaning of the applicable rules of the stock market or other exchange on which the Company's securities are listed.

M. Assessing the Board's Effectiveness

As provided in the Charter, the Governance and Nominating Committee of the Board is responsible for facilitating the Board's assessment of its effectiveness on an annual basis. The assessment addresses the Board's contribution as a whole to the success of the Company, and specifically reviews areas in which the Board and/or Management believe a better contribution could be made. The annual assessment may also serve as a basis for the addition, modification or deletion of Board policies and/or practices.

N. Confidentiality

The Board believes that maintaining confidentiality of information and deliberations is an imperative.

V. *Committees of the Board*

A. Number of Committees

The Committees of the Board are the Audit Committee, the Compensation Committee, and the Governance and Nominating Committee. The Audit Committee will be comprised solely of Independent Directors as defined in Nasdaq Rule 4350(d)(2)(A). The Compensation, and Governance and Nominating Committees should be comprised solely of Independent Directors. The Board has adopted charters for each of the three Committees listed above. Any new committees that may be formed will have a charter recommended by that Committee and ultimately approved by the Board. Finally, the Board may establish other Committees, as it deems appropriate from time to time.

B. Committee Membership

The Board will appoint all members of its various committees upon consideration of recommendations from the Governance and Nominating Committee.

C. Committee Rotation

It is the intent of the Board that Committee members and Committee Chairs will be rotated from time-to-time. However, the foregoing principle of rotation should not be used to deprive the Board or any Committee of critical expertise possessed by individual directors and will be subject to Committee rules regarding independence.

D. Committee Meetings

Committee Chairs, in consultation with management and other Committee members, will determine the frequency and length of any additional meetings of the Committee.

The regularly scheduled meeting dates will be published annually in advance of each fiscal year. To the extent practicable, the Committees will meet at a time corresponding to regular meetings of the full Board, so as to accommodate to the extent feasible or practicable the travel and other schedule requirements of directors.

Committee Chairs provide a report to the full Board of the activities and decisions and recommendations of the Committee.

E. Agenda

The Chair of each Committee, in consultation with members of management and staff, will develop the Committee's agenda. Individual Committee members are also encouraged to suggest additional topics for inclusion on the agenda.

VI. *Independent Advisors*

A. Professional Consultants

The Board and the Committees of the Board are each authorized to retain independent attorneys, consultants or other independent persons to provide advice and assistance as the Board or any Committee of the Board deems appropriate. Management may recommend various professional consultants to assist the Board in their selection.

B. Independent Auditors

The Directors, upon recommendation from the Audit Committee, shall nominate the Company's Independent Auditors to the shareholders for approval at each annual meeting of shareholders.

The lead audit partner of the Company's Independent Auditor shall be rotated at least every five years.

C. Management Support of the Board

Management of the Company will also assist the Board and the Committees of the Board with their functions by providing information, recommendations or other support as needed or requested.