

**CHARTER OF THE
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
SHORETEL, INC.**

**Adopted June 1, 2007
Revised August 5, 2008**

I. PURPOSE

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of ShoreTel, Inc. (the “*Company*”) is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company’s financial accounting, reporting and controls. The Committee’s principal functions are to:

- Assist the Board in its oversight of the following: (i) the accounting, financial, reporting and internal audit processes of the Company, (ii) the preparation of the Company’s financial statements, and (iii) the audits of the financial statements of the Company;
- Monitor the periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal controls that are conducted by the Company’s independent auditors and the Company’s financial and senior management;
- Review and evaluate the independence, qualifications and performance of the Company’s independent auditors, and ensure the independence of the Company’s independent auditors;
- Prepare an audit committee report as required by the Securities and Exchange Commission (the “*Commission*”) to be included in the Company’s annual proxy statement; and
- Facilitate communication among the Company’s independent auditors, the Company’s financial and senior management, and the Board.

This charter (the “*Charter*”) sets forth the authority and responsibility of the Committee in fulfilling its purpose. In fulfilling their responsibilities, it is recognized that members of the Committee are not full-time employees of the Company and are not, and do not represent themselves to be, professional accountants or auditors. The functions of the Committee are not intended to duplicate or substitute for the activities of management and the independent auditors, and the Committee members cannot provide any expert or special assurance as to the Company’s financial statements or internal controls or any professional certifications as to the work of the independent auditor. 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 in the United States. This is the responsibility of management and the Company's independent auditors. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside of the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (iii) representations made by management as to any audit and non-audit services provided by the independent auditors to the Company.

The Board has formed the Committee to assist the Board in directing the Company's affairs and this Charter has been adopted in furtherance of this purpose. While this Charter should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Certificate of Incorporation and Bylaws, it is not intended to establish by its own force any legally binding obligations.

II. MEMBERSHIP

The Committee will consist of three or more members of the Board, with the exact number determined by the Board. Each member of the Committee will:

- be an "independent director" as defined under the applicable rules, regulations and listing requirements of The Nasdaq Stock Market, as amended from time to time (the "*Exchange Rules*"), except as may otherwise be permitted by such Exchange Rules;
- be "independent" as defined in Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") and) and Rule 10A-3 and any other rules and regulations promulgated by the Securities and Exchange Commission (the "*Commission*") under the Exchange Act (the "*Commission Rules*") , except as may otherwise be permitted by such Commission Rules;
- not have participated in the preparation of the financial statements of the Company or any current subsidiary of the company at any time during the past three years;
- have the ability to read and understand fundamental financial statements and meet the financial sophistication and experience requirements of the Exchange Act, the Commission Rules and the Exchange Rules;
- be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and
- meet any other requirements imposed by applicable law, regulations or rules, subject to any applicable exemptions and transition provisions.

In addition, at least one member of the Committee will have prior experience in accounting, financial management or financial oversight, as required by the Exchange Rules and be a "financial expert" as defined in Item 401(h) of Regulation S-K promulgated by the Commission.

All members of the Committee will be appointed by, and will serve at the discretion of, the Board. The Board may appoint a member of the Committee to serve as the chairperson of the

Committee (the “*Chair*”); if the Board does not appoint a Chair, the Committee members may designate a Chair by their majority vote. The Chair will set the agenda for Committee meetings and conduct the proceedings of those meetings.

III. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Committee in serving the purposes outlined in Section I of this Charter are set forth below. These duties are set forth as a guide with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

A. Financial Statements and Disclosures

The Committee will:

1. Review and discuss with management quarterly results and the type and presentation of information to be included in the Company’s related earnings press release prior to distribution to the public.
2. Review the Company’s quarterly and annual financial statements, including any report on the Company’s internal control over financial reporting, and any report or opinion by the independent auditors prior to distribution to the public or filing such statements with the Commission, as applicable.
3. In connection with the Committee’s review of the annual and financial statements:
 - Discuss with the independent auditors, any internal audit department and management the financial statements and the results of the independent auditors’ audit of the financial statements.
 - Discuss any items which the independent auditors are required to communicate in accordance with Statement on Auditing Standards (“SAS”) No. 61, *Communication With Audit Committees* (Codification of Statements on Auditing Standards, AU § 380), as amended. These discussions should include the independent auditors’ judgments about the quality and appropriateness of the Company’s accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the Company’s financial statements and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
 - Discuss with management and the independent auditors the Company’s selection, application and disclosure of critical accounting policies and practices.

4. Recommend to the Board whether the annual financial statements should be included in the Company's Annual Report on Form 10-K.
5. In connection with the Committee's review of the quarterly financial statements:
 - Discuss with the independent auditors and management the results of the independent auditors' SAS No. 100, *Interim Financial Information* (Codification of Statements on Auditing Standards, AU § 722) or similar review of the quarterly financial statements.
 - Discuss significant issues, events and transactions and any significant changes regarding accounting principles, practices, policies, judgments or estimates with management and the independent auditors, including resolution of any significant disagreements among management and the independent auditors regarding financial reporting.
6. Discuss on a general basis the type of information to be disclosed and type of presentation to be made regarding financial information and earnings guidance to analysts and rating agencies. Approve the Company's quarterly earnings release press release and financial statements.
7. Review any (i) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting or (ii) fraud or alleged fraud involving management or any employee of the Company with a significant role in the Company's internal control over financial reporting that are disclosed to the Committee.
8. Obtain from the independent auditors assurance that it has complied with Section 10A of the Securities Exchange Act of 1934.
9. Review policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditors or internal auditors.
10. Oversee the administration of and, if deemed necessary, amend the Company's 401(k) plan and any deferred compensation plans (collectively, the "***Designated Plans***"), and, if desired, delegate the routine administration of the Designated Plans to an administrative committee consisting of employees of the Company named by the Committee.

B. Independent Auditors

The Committee will:

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors. Recommend to the Board the appointment or

discharge of the independent auditors. The independent auditors will report directly to the Committee.

2. Review the continuing independence of the Company's independent auditors, including:

- obtaining and reviewing, on an annual basis, a letter from the independent auditors describing all relationships between the independent auditors and the Company required to be disclosed by Independence Standards Board Standard No. 1;
- reviewing and discussing with the independent auditors their independence, including the nature and scope of any such relationships; and
- taking, or recommending that the Board take, appropriate action to oversee the independence of the auditors, including discontinuing any relationships that the Committee believes could compromise the independence of the auditors.

3. Approve the Company's hiring of employees or former employees of the independent auditor, as required by regulations and by applicable listing standards.

4. Review the independent auditors' audit planning, scope and staffing.

5. Approve the fees and other compensation to be paid to the independent auditors, and pre-approve audit and material non-audit related services of independent auditors permitted by the Exchange Rules, Commission Rules and applicable law. The Committee may establish pre-approval policies and procedures, as permitted by the Exchange Rules, Commission Rules and applicable law, for the engagement of independent auditors to render services to the Company, including without limitation policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approval decision is reported to the Committee at its next scheduled meeting.

6. Review and discuss with the independent auditors the reports delivered to the Committee by the independent auditors regarding:

- critical accounting policies, estimates and practices used;
- alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the alternatives, and the treatment preferred by the independent auditors; and
- other material written communications between the independent auditors and Company management, such as any management letter or schedule of unadjusted differences.

C. Internal Controls

Internal Controls

The Committee will:

1. Periodically discuss with the Company's principal accounting officer and general counsel the function of the Company's disclosure controls and procedures and any disclosure committee that may be established by the Company. Discuss with the Company's Chief Executive Officer and Chief Financial Officer their conclusions regarding the effectiveness of the Company's disclosure controls and procedures.
2. Review and discuss with the independent auditors and management their periodic reviews of the integrity, adequacy and effectiveness of the Company's accounting and financial reporting processes and systems of internal control, including any significant deficiencies and material weaknesses in their design or operation.
3. Discuss any comments or recommendations of the independent auditors outlined in their annual management letter or internal control reports. .
4. Periodically consult with the independent auditors out of the presence of management about internal controls, the fullness and accuracy of the Company's financial statements and any other matters that the Committee or these groups believe should be discussed privately with the Committee.
5. Review with management the Company's major financial risk exposures and the steps management has taken to monitor such exposures, including the Company's procedures and any related policies, with respect to risk assessment and risk management.
6. 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, and coordinate with the Nominating and Corporate Governance Committee the inclusion of such procedures in the Company's Whistleblower and Complaint Policy. Review any such complaints and submissions that have been received, including the current status and the resolution if one has been reached.
7. Consider the establishment and oversee the activities of any internal audit function within the Company, when appropriate.

D. General

The Committee will:

1. On a regular basis, review the status of any legal matters that could have a significant impact on the Company's financial statements.
2. Annually prepare a report to the Company's stockholders for inclusion in the Company's annual proxy statement as required by the rules and regulations of the Commission, as they may be amended from time to time.

3. Review the fairness of and approve any proposed transaction between the Company and any related party (other than transactions that are subject to review by the Board as a whole or any other committee of the Board) in which a member of the Nominating and Corporate Governance Committee is an interested party, as defined by applicable law, the Commission Rules and Exchange Rules.

4. Consider waivers of the Director Code of Business Conduct and Ethics (other than transactions that are subject to review by the Board as a whole or any other committee of the Board) requested with respect to members of the Nominating and Corporate Governance Committee and retain authority to grant any such waivers.

5. Perform any other activities required by applicable law, rules or regulations, including the Commission Rules and Exchange Rules, and may perform other activities that are consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, and applicable laws, rules or regulations as the Committee or the Board deems necessary or appropriate.

IV. STUDIES AND ADVISERS

The Committee, in discharging its responsibilities, may conduct, direct, supervise or authorize studies of, or investigations into, any matter that the Committee deems appropriate, with full and unrestricted access to all books, records, documents, facilities and personnel of the Company. The Committee has the sole authority and right, at the expense of the Company, to retain legal and other consultants, accountants, experts and advisers of its choice to assist the Committee in connection with its functions, including any studies or investigations. The Committee will have the sole authority to approve the fees and other retention terms of such advisers. The Company will provide for appropriate and reasonable funding, as determined by the Committee, for

- payment of compensation to any legal and other consultants, accountants, experts and advisers retained by the Committee; and
- ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions.

V. MEETINGS, ACTIONS WITHOUT A MEETING AND STAFF

Meetings of the Committee shall be held at least once each quarter or more frequently, as determined appropriate by the Committee. The Chair, in consultation with the other member(s) of the Committee, will set the dates, times and places of such meetings. The Chair or any other member of the Committee may call meetings of the Committee by notice in accordance with the Company's Bylaws. The Committee will report to the Board from time to time with respect to the activities of the Committee. A quorum of the Committee for the transaction of business will be a majority of its members. Meetings may be held via tele- or video-conference in lieu of in person meetings. The Committee may also act by unanimous written consent in lieu of a meeting in accordance with the Company's Bylaws. Subject to the requirements of this Charter, applicable law, the Exchange Rules and the Commission Rules, the Committee and the Chair may invite any director, executive or employee of the Company, or such other person, as it

deems appropriate in order to carry out its responsibilities, to attend and participate (in a non-voting capacity) in all or a portion of any Committee meeting. The Committee may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities. The Chair will designate a secretary for each meeting, who need not be a member of the Committee. The Secretary of the Company shall provide the Committee such staff support as it may require.

VI. MINUTES AND REPORTS

The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The Chair will periodically report to the Board on significant matters related to the Committee's responsibilities and the Committee's deliberations and actions. The minutes of the Committee and actions by the unanimous written consent of the Committee members will be made available to the other members of the Board.

VII. COMPENSATION

Members of the Committee will receive such fees, if any, for their service as Committee members as may be determined by the Board, which may include additional compensation for the Chair. Such fees may include retainers or per meeting fees and will be paid in such form of consideration as is determined by the Board in accordance with applicable law, the Exchange Rules and the Commission Rules.

VIII. REVIEW OF COMMITTEE COMPOSITION, PERFORMANCE AND CHARTER

The Committee will evaluate the Committee's composition and performance on an annual basis and submit a report to the Board. The Committee will also review and reassess the adequacy of this Charter periodically, and recommend to the Board any changes the Committee determines are appropriate.

IX. PUBLICATION

The Company shall make this Charter freely available to stockholders on request and, provided that the Company is subject to the periodic reporting requirements of the Exchange Act, shall publish it on the Company's web site.