

INTER-TEL, INCORPORATED

AUDIT COMMITTEE CHARTER, AS AMENDED FEBRUARY 17, 2003

Organization

This Audit Committee Charter (the "Charter") governs the operations of the Audit Committee (the "Committee") of Inter-Tel, Incorporated ("Inter-Tel" or the "Corporation"). The charter will be reviewed and reassessed by the Committee annually, and proposed changes, if any, will be recommended to the Board for approval. The Committee shall be appointed by the Board and shall comprise at least three directors, each of whom shall be qualified to serve on the Committee pursuant to the following requirements (as well as any additional criteria required by the Securities and Exchange Commission (the "SEC") or NASDAQ:

- Each member will be an independent director, as defined in (i) NASDAQ Rules and (ii) the rules of the SEC.
- 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 of the Committee will qualify as a "financial expert," in accordance with the rules of the SEC.

The Chairman of the Committee (the "Chairman") shall be designated by the Board, provided, however, that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate the Chairman.

Statement of Purpose

The Committee's purpose is to:

- To take such actions as are necessary to monitor: (i) the integrity of the Corporation's financial reporting, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the internal and independent auditor's qualifications, independence and performance, and (iv) the Corporation's internal accounting and financial controls;
- Outline to the Board improvements made, or to be made, in internal accounting controls;
- Appoint, determine funding for, and oversee the independent auditors;
- Prepare the report that the rules of the SEC require be included in the Corporation's annual proxy statement;
- Provide the Corporation's Board with the results of its monitoring and recommendations derived therefrom; and
- Provide to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

It is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors, Board of Directors and Corporation Management. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation and, further, it has the power to retain outside counsel, or other experts, for this purpose.

Responsibilities and Processes

The primary responsibility of the Committee is to oversee the Corporation's financial reporting process on behalf of the Board and report the results of its activities to the Board. Management is responsible for preparing the Corporation's financial statements. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances.

The Committee shall have the following authority and responsibilities. Such authority and responsibilities are set forth as a guide with the understanding that the Committee or the Board may amend or supplement them from time to time as appropriate.

- Review and approve the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein;
- Pre-approve audit and non-audit services provided to the Corporation by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible). In this regard, (x) 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 and (y) the 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 Committee at its next scheduled meeting;
- Review the performance of the Corporation's independent auditors and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant;
- Oversee the independence of the Corporation's independent auditors by, among other things:
 - requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation consistent with Independent Standards Board Standard No. 1;
 - 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 in to satisfy itself of the auditors' independence; and
 - Reviewing reports submitted to the audit committee by the independent auditors in accordance with the applicable SEC requirements.
- Instruct the Corporation's independent auditors that they are ultimately accountable to the Committee and the Board, and that the Committee and the Board are responsible for the selection, evaluation and termination of the Corporation's independent auditors (including resolution of disagreements between management and the auditor regarding financial reporting);
- Discuss with the Corporation's independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61, as may be modified or supplemented;
- Review and discuss the results of the year-end audit of the Corporation, including any comments or recommendations of the Corporation's independent auditors, and the audited financial statements and related MD&A to be included in the Corporation's Annual Report on Form 10-K;
- Review with management and the independent auditors the Corporation's interim financial statements and the related MD&A included in Quarterly Reports on

Form 10-Q, including the results of the independent auditor's reviews of the quarterly financial statements;

- Direct the Corporation's independent auditors to review before filing with the SEC the Corporation's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Review with management and the independent auditors weaknesses in internal controls and any significant suggestions for improvements provided to management by the independent auditors;
- Review before release the unaudited quarterly operating results in the Corporation's quarterly earnings release, including the use of "pro-forma" or "adjusting" non-GAAP information, as well as financial information and earnings guidance provided to analysts, rating agencies or similar external audiences;
- Meet at least quarterly with the senior internal auditing executive and the independent auditor in separate executive sessions;
- Request from the Corporation that appropriate funding be provided, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisor employed by the Committee;
- Provide a report in the Corporation's proxy statement;
- Unless submitted to another comparable independent body of the Board, as and to the extent required under applicable federal securities laws and related rules and regulations, and/or the NASDAQ Marketplace Rules, related party transactions shall be submitted to the Committee for review and the Committee shall approve or disapprove such related party transactions;
- Obtain from the Corporation's independent auditors any information pursuant to Section 10A of the Securities Exchange Act of 1934;
- Establish procedures for receiving, retaining and treating complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- Report regularly to the Board on its activities, as appropriate.

The Committee, as necessary or appropriate, shall also:

In regards to Financial Statement and Disclosure Matters:

- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;
- Receive periodic reports from the Corporation's independent auditors and management of the Corporation regarding the review, selection, application and disclosure of Corporation's significant accounting policies;
- Review with management and the Corporation's independent auditors such accounting policies (and changes therein) of the Corporation, including any financial reporting issues which could have a material impact on the Corporation's financial statements, as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body;
- Review the adequacy and effectiveness of the Corporation's accounting, disclosure and internal control policies and procedures through inquiry, discussion and periodic meetings with the Corporation's independent auditors and management of the Corporation and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Corporation's periodic filings and the attestations or reports of the independent auditors relating to such disclosure;
- Review with management the Corporation's administrative, operational and accounting internal controls, and advise the Board as to any concerns regarding

whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct;

In regards to Oversight of the Company's Relationship with the Independent Auditor:

- Review the independent auditors' most recent internal and external quality control review (if applicable);
- Review and accept, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope of audit activities, and monitor such plan's progress and results during the year;
- Review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor;
- Review with management the guidelines/practices for the Corporation's hiring of employees of the independent auditor who were engaged on the Corporation's account;

In regards to Compliance Oversight Responsibilities:

- Oversee compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities;
- Review with management and the independent auditor any correspondence with regulators or governmental agencies or published reports which raise material issues regarding the Corporation's financial statements or accounting policies;
- Meet with the general counsel and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation;
- Review the Corporation's program to monitor compliance with the Corporation's Code of Conduct or similar ethics code (including policies related to conflicts of interest), and meet periodically with the Corporation's Compliance Officer to discuss compliance with the Code of Conduct, including the review of reports and disclosures of insider and affiliated party transactions;
- Review, in conjunction with counsel, any legal matters that could have a significant impact on the Corporation's financial statements;
- Provide oversight and review at least annually of the Corporation's risk management policies, including its investment policies; and

and, in General:

- 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.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations and its Code of Conduct.

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board. Members of the Committee may not receive any compensation from the Corporation except the fees that they receive for service as a member of the Board or any committee thereof.

MEETINGS

The Committee will meet as often as it determines, but not less frequently than once quarterly. The 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 Committee will meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Corporation at such times as it deems appropriate in order to review the financial affairs of the Corporation. The Committee will meet periodically in separate executive session with the independent auditors as well as any internal auditors of the Corporation at such times as it deems appropriate in order to review the financial controls of the Corporation and to otherwise fulfill the responsibilities of the Committee under this charter. The Committee may also meet with the Corporation's investment bankers or financial analysts who follow the Corporation.

MINUTES

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

/s/ Jerry Chapman _____, Audit Committee Chair
Jerry Chapman

/s/ J. Robert Anderson _____, Audit Committee Member
J. Robert Anderson

/s/ Gary D. Edens _____, Audit Committee Member
Gary D. Edens

/s/ Dr. C. Roland Haden _____, Audit Committee Member
Dr. C. Roland Haden

February 17, 2003