

INTER TEL (DELAWARE), INC
Form DEFM14A
May 29, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Inter-Tel (Delaware), Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.001 per share, of Inter-Tel (Delaware), Incorporated.

2) Aggregate number of securities to which transaction applies:

27,235,068 shares of Inter-Tel common stock (representing the number of shares outstanding as of May 22, 2007); 3,992,042 options to purchase Inter-Tel common stock (representing the number of options outstanding as of May 22, 2007); and 153,250 performance shares (representing the number of performance shares outstanding as of May 22, 2007).

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of (A) 27,235,068 shares of Inter-Tel common stock multiplied by \$25.60 per share; (B) options to purchase 3,992,042 shares of Inter-Tel common stock with exercise prices less than \$25.60

Table of Contents

multiplied by \$6.43 (which is the difference between \$25.60 and the weighted average exercise price of \$19.17 per share); and (c) 153,250 performance shares multiplied by \$25.60 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000307 by the sum calculated in the preceding sentence.

4) Proposed maximum aggregate value of transaction:

\$726,809,771

5) Total fee paid:

\$22,313

.. Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

\$22,228

2) Form, Schedule or Registration Statement No.:

Schedule 14A

3) Filing Party:

Inter-Tel (Delaware), Incorporated

4) Date Filed:

May 11, 2007

Table of Contents

SPECIAL MEETING OF STOCKHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Inter-Tel (Delaware), Incorporated stockholder:

The Board of Directors of Inter-Tel (Delaware), Incorporated, based in part on the recommendation of the Special Committee of the Board of Directors, approved an Agreement and Plan of Merger dated as of April 26, 2007, by and among Inter-Tel, Mitel Networks Corporation, a corporation organized under the laws of Canada, and Arsenal Acquisition Corporation, a wholly-owned subsidiary of Mitel Networks Corporation. Pursuant to the merger agreement, Arsenal Acquisition Corporation will be merged with and into Inter-Tel, and Inter-Tel will survive the merger as a wholly-owned subsidiary of Mitel. Additional information about the votes of the Special Committee and the Board of Directors is included in the attached proxy statement.

If the merger is completed, at the effective time of the merger, each share of common stock of Inter-Tel will be converted into the right to receive \$25.60 in cash, without interest.

At a special meeting, Inter-Tel stockholders will be asked to consider and vote upon a proposal to adopt the merger agreement described in the proxy statement. The Board of Directors, based in part on the recommendation of the Special Committee, has approved the merger agreement and declared the merger, the merger agreement and the transactions contemplated by the merger agreement advisable, fair to and in the best interests of Inter-Tel and its stockholders, and resolved to recommend that the Inter-Tel stockholders adopt the Merger Agreement.

Accordingly, Inter-Tel's Board of Directors recommends that Inter-Tel stockholders vote FOR adoption of the merger agreement.

The date, time and place of the special meeting to consider and vote upon a proposal to adopt the merger agreement are as follows:

June 29, 2007

10:00 a.m., local time

Snell & Wilmer LLP

400 East Van Buren Street

One Arizona Center

Phoenix, Arizona 85004

The proxy statement attached to this letter provides you with detailed information about the special meeting of Inter-Tel stockholders and the proposed merger. Please read the entire proxy statement carefully and the merger agreement itself, which is attached as *Annex A* to the proxy statement.

Your vote is very important. Whether or not you plan to attend the special meeting, if you are a holder of Inter-Tel common stock please take the time to vote your shares by completing, signing, dating and mailing the enclosed proxy card in the envelope provided, or vote by telephone or over the Internet, in accordance with the instructions contained on the enclosed proxy card or instructions contained on the voting form provided by your broker or bank.

/s/ NORMAN STOUT
Norman Stout
Chief Executive Officer
Inter-Tel (Delaware), Incorporated

Table of Contents

1615 S. 52nd Street

Tempe, Arizona

(480) 449-8900

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 29, 2007

To Inter-Tel stockholders:

On April 26, 2007, the Board of Directors of Inter-Tel (Delaware), Incorporated, a Delaware corporation, approved an Agreement and Plan of Merger dated as of April 26, 2007, by and among Inter-Tel, Mitel Networks Corporation, a corporation organized under the laws of Canada, and Arsenal Acquisition Corporation, a wholly-owned subsidiary of Mitel Networks Corporation. Pursuant to the merger agreement, Arsenal Acquisition Corporation will be merged with and into Inter-Tel, and Inter-Tel will survive the merger as a wholly-owned subsidiary of Mitel Networks Corporation. At the effective time of the merger, each share of Inter-Tel common stock, par value \$0.001 per share, will be converted into the right to receive \$25.60 in cash, without interest. The Board of Directors, based in part on the recommendation of the Special Committee of the Board of Directors, has approved the merger agreement, and declared the merger, the merger agreement, and the transactions contemplated by the merger agreement, advisable, fair to and in the best interests of Inter-Tel and its stockholders, and resolved to recommend that the Inter-Tel stockholders adopt the merger agreement.

A special meeting of Inter-Tel stockholders will be held on June 29, 2007, at 10:00 a.m., local time, at the offices of Snell & Wilmer LLP, 400 East Van Buren Street, One Arizona Center, Phoenix, Arizona, 85004 for the following purposes:

To consider and vote upon a proposal to adopt the merger agreement; and

To consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the merger agreement at the special meeting.

The Board of Directors has fixed the close of business on May 25, 2007 as the record date for determining the stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the special meeting, including at any adjournments or postponements of the special meeting.

At the close of business on the record date, there were 27,280,859 shares of Inter-Tel common stock outstanding and entitled to vote at the special meeting. Holders of Inter-Tel common stock are entitled to appraisal rights under the Delaware General Corporation Law in connection with the merger if they meet certain conditions. See The Merger - Appraisal Rights, beginning on page 49 of the attached proxy statement.

Your vote is important. Even if you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy card in the envelope provided to ensure that your shares will be represented at the special meeting if you are unable to attend. You may also vote by telephone or over the Internet by following the instructions on the enclosed proxy card. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be voted FOR adoption of the merger agreement and FOR the adoption of the proposal to adjourn or postpone the special meeting, if

Table of Contents

necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the merger agreement at the special meeting.

The Board of Directors recommends that you vote **FOR** adoption of the Merger Agreement and **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if that there are not sufficient votes in favor of the adoption of the merger agreement at the special meeting.

This proxy statement is dated May 29, 2007 and is first being mailed to Inter-Tel stockholders on or about May 30, 2007.

/s/ NORMAN STOUT
Norman Stout

Chief Executive Officer
Inter-Tel (Delaware), Incorporated

Tempe, Arizona

May 29, 2007

Table of Contents

TABLE OF CONTENTS

	Page
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION</u>	Q-1
<u>CERTAIN DEFINITIONS</u>	Q-2
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	Q-3
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>Merger Consideration</u>	2
<u>Treatment of Outstanding Stock Options and Equity Awards</u>	2
<u>Interests of Inter-Tel's Directors and Management in the Merger</u>	2
<u>Reasons for the Merger</u>	3
<u>Recommendation to Stockholders</u>	3
<u>Opinion of Inter-Tel's Financial Advisor</u>	4
<u>Certain Projections</u>	4
<u>Financing of the Merger</u>	5
<u>Recent Developments and Certain Litigation</u>	5
<u>The Special Meeting of Inter-Tel's Stockholders</u>	6
<u>Conditions to the Completion of the Merger</u>	7
<u>Termination of the Merger Agreement</u>	8
<u>Limitation on Considering Other Acquisition Proposals</u>	8
<u>Termination Fees and Expenses</u>	8
<u>Market Price and Dividend Data</u>	9
<u>Material United States Federal Income Tax Consequences of the Merger</u>	9
<u>Regulatory Matters</u>	9
<u>Appraisal Rights</u>	10
<u>MARKET PRICE AND DIVIDEND DATA</u>	11
<u>THE SPECIAL MEETING</u>	12
<u>Date, Time and Place</u>	12
<u>Purpose of Special Meeting</u>	12
<u>Record Date: Stockholders Entitled to Vote; Quorum</u>	12
<u>Vote Required; Abstentions; Broker Non-Votes</u>	12
<u>Voting by Inter-Tel's Directors, Executive Officers and Certain Stockholders</u>	13
<u>Voting of Proxies</u>	13
<u>Revocability of Proxies</u>	14

Table of Contents

TABLE OF CONTENTS

(continued)

	Page
<u>Costs of Solicitation</u>	14
<u>Conversion of Shares: Procedures for Exchange of Stock Certificates</u>	14
<u>THE COMPANIES</u>	15
<u>Inter-Tel</u>	15
<u>Mitel Networks Corporation</u>	15
<u>Arsenal Acquisition Corporation</u>	15
<u>THE MERGER</u>	16
<u>Background of the Merger</u>	16
<u>Reasons for the Merger and Recommendation by the Board of Directors</u>	27
<u>Opinion of Inter-Tel's Financial Advisor</u>	30
<u>Certain Projections</u>	35
<u>Financing of the Merger</u>	38
<u>Recent Developments and Certain Litigation</u>	41
<u>Merger Consideration</u>	43
<u>Conversion of Shares: Procedures for Exchange of Certificates</u>	44
<u>Treatment of Outstanding Stock Options and Equity Awards</u>	44
<u>Interests of Inter-Tel's Directors and Management in the Merger</u>	45
<u>Effective Time of the Merger</u>	47
<u>Delisting and Deregistration of Inter-Tel's Common Stock</u>	47
<u>Material United States Federal Income Tax Consequences of the Merger</u>	47
<u>Regulatory Matters</u>	49
<u>Appraisal Rights</u>	49
<u>Accounting Treatment</u>	52
<u>THE MERGER AGREEMENT</u>	53
<u>Merger Consideration</u>	53
<u>Treatment of Outstanding Stock Options and Equity Awards</u>	53
<u>Conditions to the Completion of the Merger</u>	54
<u>Material Adverse Effect</u>	54
<u>No Solicitation</u>	55
<u>Termination</u>	57
<u>Termination Fees and Expenses</u>	58
<u>Conduct of Business Pending the Merger</u>	59

Table of Contents

TABLE OF CONTENTS

(continued)

	Page
<u>Amendment and Waiver</u>	62
<u>Representations and Warranties</u>	62
<u>Equity and Debt Commitments</u>	63
<u>Inter-Tel Certificate of Incorporation and Bylaws</u>	63
<u>Assignment</u>	63
<u>SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	64
<u>STOCKHOLDER PROPOSALS</u>	66
<u>OTHER MATTERS</u>	66
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	66
<u>IMPORTANT</u>	67

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning Inter-Tel's current expectations, assumptions, estimates and projections about Inter-Tel, Inter-Tel's industry and the proposed Merger. Statements that are not historical or current facts, statements based on assumptions, suppositions and uncertainties, statements about beliefs and expectations, and Inter-Tel management's projections and evaluations of future events are forward-looking statements. Forward-looking statements may be statements in the future tense and often include the words may, might, could, would, should, believes, expects, anticipates, estimates, intends, plans, targets, potentially, objectives, strategies, goals or similar expressions.

Forward-looking statements are subject to various risks and uncertainties. In particular, any statements contained herein regarding expectations with respect to future sales and profitability, product development or introductions, statements regarding the proposed Merger with Mitel, and other matters are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond Inter-Tel's control and may cause actual results, performance or achievements to differ materially from those projected or implied in such forward-looking statements.

Important factors that might affect actual results, performance or achievements include, among other things, failure to complete the proposed Merger; effects of the announcement and pendency of the Merger on Inter-Tel's business; the potential for diversion of management from Inter-Tel's business; employee recruiting, retention and attrition during the period prior to the completion of the Merger; the potential effect of the proposed Merger on Inter-Tel's relations with suppliers, customers, service providers and other stakeholders; the ability to retain existing dealers and customers; market acceptance of new and existing Inter-Tel products, software and services; evolution in customer demand for Inter-Tel's products and services; fluctuations in quarterly results and seasonality; uncertainty of future operating results; availability of inventory from vendors and suppliers; industry, competitive and technological changes; the composition, product and channel mixes, timing and size of orders from and shipments to major customers; price and product competition; international sales and operations; protection of intellectual property, dependence on licensed technology and new product development; risk of product defects and product liability; expansion of indirect channels; management of growth; consolidation in Inter-Tel's industry sectors, and general market trends or economic changes; and the impact of recently enacted or proposed regulations. Certain other important factors relating to the proposed Merger that may cause actual events not to occur as expressed in such forward-looking statements include, but are not limited to, the failure to obtain the necessary approval of the Merger by Inter-Tel stockholders; the failure to obtain antitrust and other governmental approvals in a timely manner or at all; the failure of Mitel to satisfy the conditions to the financing commitments for the proposed Merger; and the failure of various other closing conditions contained in the Merger Agreement to be satisfied as provided therein. For additional information about risk factors that could cause actual results to differ materially from those described in the forward-looking statements, please see Inter-Tel's filings with the SEC, including Inter-Tel's Form 10-K filed on March 15, 2007, Inter-Tel's Form 10-K/A filed on April 30, 2007, Inter-Tel's Form 8-K filed on April 27, 2007, and Inter-Tel's Quarterly Reports on Form 10-Q, as described under [Where You Can Find More Information](#) on page 66.

Reliance on forward-looking statements involves risks and uncertainties. Although Inter-Tel believes that the assumptions on which Inter-Tel's forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate or incomplete, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that Inter-Tel will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Inter-Tel does not undertake any obligation to update or revise any forward-looking statements to reflect future events or circumstances, except to the extent expressly required by law.

Table of Contents

CERTAIN DEFINITIONS

The following defined terms are referenced in this proxy statement:

Arsenal Acquisition Corporation means Arsenal Acquisition Corporation, a wholly-owned subsidiary of Mitel Networks Corporation.

Board of Directors means the Board of Directors of Inter-Tel (Delaware), Incorporated.

DGCL means the Delaware General Corporation Law.

Inter-Tel means Inter-Tel (Delaware), Incorporated.

Merger Agreement means the Agreement and Plan of Merger dated as of April 26, 2007 by and among Inter-Tel, Mitel Networks Corporation, a corporation organized under the laws of Canada, and Arsenal Acquisition Corporation.

Merger means the merger of Arsenal Acquisition Corporation with and into Inter-Tel pursuant to the Merger Agreement, with Inter-Tel surviving the Merger as a wholly-owned subsidiary of Mitel Networks Corporation.

Merger Consideration means the \$25.60 in cash without interest, payable per share of Inter-Tel common stock pursuant to the Merger.

Mitel means Mitel Networks Corporation.

SEC means the Securities and Exchange Commission.

Special Committee means the Special Committee of the Board of Directors.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

The questions and answers below highlight selected information contained elsewhere in this proxy statement and may not describe all of the information that is important to you. To understand the Merger and its legal terms fully, you should carefully read the entire proxy statement and the documents referred to herein and the annexes attached hereto. See also **Where You Can Find More Information** on page 66.

The Merger Agreement is attached as *Annex A* to the proxy statement. Please read the Merger Agreement in its entirety, as it is the legal document that governs the Merger.

Q: What will Inter-Tel stockholders receive in the Merger?

A: As a result of the Merger, Inter-Tel stockholders will receive \$25.60 in cash, without interest, for each share of Inter-Tel common stock they own. For example, if you own 100 shares of Inter-Tel common stock, you will receive \$2,560.00 in cash pursuant to the Merger in exchange for your Inter-Tel shares.

Q: What am I being asked to vote on?

A: At the special meeting, you will be asked to vote on the following two proposals:

A proposal to adopt the Merger Agreement; and

A proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the Merger Agreement at the special meeting.

Q: How does the Board of Directors recommend I vote?

A: The Board of Directors, based in part on the recommendation of the Special Committee, has approved the Merger Agreement and declared the Merger, the Merger Agreement, and the transactions contemplated by the Merger Agreement, advisable, fair to and in the best interests of Inter-Tel and its stockholders and resolved to recommend that the Inter-Tel stockholders adopt the Merger Agreement.

Accordingly, the Board of Directors of Inter-Tel recommends that Inter-Tel stockholders vote FOR adoption of the Merger Agreement. The Board also recommends that Inter-Tel stockholders vote FOR adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the Merger Agreement at the special meeting.

For additional information regarding these recommendations and the votes of the Special Committee and the members of the Board of Directors on these matters, see **The Merger - Reasons for the Merger and Recommendation by the Board of Directors** beginning on page 27.

Q: What do I need to do now?

A:

Edgar Filing: INTER TEL (DELAWARE), INC - Form DEFM14A

Please read this proxy statement carefully, including its annexes, and carefully consider how the Merger will affect you and how you want to vote on the proposal to adopt the Merger Agreement and the other matters to be voted on at the special meeting. Then simply mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting. You may also vote in person at the special meeting, or by telephone or over the Internet by following the procedures described in the following paragraphs.

Q: What happens if I do not return a proxy card?

A: The failure to execute and return your proxy card, or to submit a proxy by telephone or over the Internet, will have the same effect as voting against the adoption of the Merger Agreement and no effect on the

Q-3

Table of Contents

adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the Merger Agreement at the special meeting. See *The Special Meeting - Voting of Proxies* beginning on page 13.

Q: May I vote in person?

A: Yes. If you hold shares in your name as the stockholder of record and not in street name, you may vote those shares in person at the meeting by filling out and submitting a ballot at the special meeting before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the special meeting, the Board of Directors recommends that you vote your shares in advance by mail, telephone or over the Internet, as described in this proxy statement, so your vote will be counted even if you later decide not to attend. See *The Special Meeting - Revocability of Proxies* on page 14.

If you hold shares in street name through a broker, bank or other nominee, you may vote those shares in person at the special meeting only if you obtain and bring with you a signed proxy from the necessary bank, broker, or other nominee giving you the right to vote the shares. To do this, you should contact your bank, broker, or other nominee.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: Your broker will not vote your shares without instructions from you. You should instruct your broker to vote your shares at the special meeting by following the procedure provided by your broker. Without instructions, your broker will not vote your shares, which will have the effect of a vote against the adoption of the Merger Agreement and no effect on the voting for the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the adoption of the Merger Agreement at the special meeting. See *The Special Meeting - Voting of Proxies* beginning on page 13.

Q: How do I vote without attending the special meeting?

A: If you hold shares in your name as the stockholder of record and not in street name, you may vote your shares without attending the special meeting by completing, signing, dating and returning the proxy card in the envelope provided. You may also vote by telephone or over the Internet by following the instructions on the enclosed proxy card.

If you hold your shares in street name through a broker, bank, or other nominee, you may vote by completing and returning the voting form provided by your broker, bank, or nominee, or by telephone or over the Internet if telephone and Internet voting are provided by your broker or bank. If Internet or telephone voting is available through your broker or bank, please follow the instructions for telephone or Internet voting provided by your broker or bank. Your broker will not vote your shares unless you provide your broker with voting instructions by following the voting procedures provided to you by your broker. See *The Special Meeting - Voting of Proxies* beginning on page 13.

Q: May I change my vote after I have submitted a proxy?

A: Yes. You may change your vote at any time before the vote is taken at the special meeting. You can do this in one of three ways:

You can send a signed, dated notice to the Corporate Secretary of Inter-Tel, stating that you would like to revoke your proxy;

Edgar Filing: INTER TEL (DELAWARE), INC - Form DEFM14A

You can complete, date, sign and return a later dated proxy card, or submit a later dated vote by telephone or over the Internet in accordance with the instructions set forth on the enclosed proxy card; or

If your shares are registered in your name, you can attend the meeting and vote in person.

Q-4

Table of Contents

Your attendance at the special meeting alone will not revoke your proxy. If you have instructed a broker on how to vote your shares, you must follow directions received from your broker to change those instructions. See [The Special Meeting - Revocability of Proxies](#) on page 14.

Q: Should I send in my Inter-Tel stock certificates now?

A: No, you should not send any stock certificates now. After the Merger is completed, you will receive written instructions for surrendering your shares of Inter-Tel common stock for the Merger Consideration of \$25.60 per share in cash, without interest, for each share of Inter-Tel common stock you own. See [The Merger - Conversion of Shares; Procedures for Exchange of Certificates](#) on page 44.

Q: When do you expect the Merger to be completed?

A: The parties have agreed in the Merger Agreement to use their respective reasonable best efforts to complete the Merger as quickly as possible. Inter-Tel currently expects the Merger to be completed in the third quarter of 2007. In addition to obtaining Inter-Tel stockholder approval, before the Merger can be completed, all closing conditions in the Merger Agreement must be satisfied or waived, including the expiration or termination of waiting periods under applicable United States and foreign anti-trust and competition laws.

Q: Am I entitled to appraisal rights?

A: Yes. Inter-Tel stockholders have the right under the DGCL to dissent from the adoption of the Merger Agreement and to exercise appraisal rights under the DGCL, as described in detail in this proxy statement under the caption [The Merger - Appraisal Rights](#) beginning on page 49.

Q: What will happen to my Inter-Tel stock options or other equity incentive awards?

A: Pursuant to the Merger Agreement, all options to purchase shares of Inter-Tel common stock under Inter-Tel's equity incentive plans and all performance share awards for which Inter-Tel common stock may be issued upon attaining specified performance goals granted under the 1997 Long-Term Incentive Plan that are outstanding immediately prior to the effective time of the Merger will vest and be canceled, in exchange for cash in an amount determined by multiplying:

the excess, if any, of the Merger Consideration of \$25.60 per share of Inter-Tel common stock, without interest, over the applicable exercise price of the option or other equity incentive award, by

the number of shares of common stock that

the holder could have purchased in the case of a stock option (assuming full vesting of such stock options); or

that could be issued to the holder in connection with a performance share award (assuming full vesting of such awards and attainment of specified performance goals).

See [The Merger - Treatment of Outstanding Stock Options and Equity Awards](#) on page 44.

Q: Will I owe taxes as a result of the Merger?

A: The exchange of Inter-Tel common stock for the cash Merger Consideration will be a taxable transaction to Inter-Tel stockholders for United States federal income tax purposes. See The Merger - Material United States Federal Income Tax Consequences of the Merger beginning on page 47 for additional information about the tax consequences of the Merger.

Please note that the particular tax consequences of the Merger to you will depend on your particular facts and circumstances, and you should consult with your own tax advisor to fully understand the tax consequences of the Merger to you.

Q-5

Table of Contents

Q: Who can help answer my other questions?

A: If you would like additional copies of this proxy statement or the enclosed proxy card, or if you need assistance in voting your shares, you should contact Innisfree M&A Incorporated, Inter-Tel's proxy solicitor for the special meeting, at:
Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders Call Toll-Free at: (888) 750-5834

Banks and Brokers Call Collect at: (212) 750-5833

Q-6

Table of Contents

SUMMARY

This summary highlights selected information contained elsewhere in this proxy statement and may not describe all of the information that is important to you. To understand the Merger and its legal terms fully, you should carefully read this entire proxy statement and the documents referred to herein and the annexes attached hereto. See **Where You Can Find More Information on page 66.**

The Merger Agreement is attached as *Annex A* to this proxy statement. Please read the Merger Agreement in its entirety as it is the legal document that governs the Merger.

The Companies

Inter-Tel (Delaware), Incorporated.

Inter-Tel is a single-point-of-contact, full-service provider of IP and converged voice, video and data business communications platforms, multi-media contact center applications, remote-control software to provide real-time communications and instantaneous, browser-to-browser Web conferencing and help desk support solutions. Inter-Tel also provides a wide range of managed services, including voice and data network design and traffic provisioning, local and long distance calling services, custom application development, maintenance, leasing, and support services for its products. Inter-Tel's customers include business enterprises, government agencies and non-profit organizations. Inter-Tel was originally incorporated in Arizona in 1969 and was reincorporated in Delaware in 2006.

Inter-Tel's offices are located at 1615 S. 52nd Street, Tempe, AZ 85281, telephone: 480-449-8900.

See **The Companies - Inter-Tel** on page 15 for additional information about Inter-Tel.

Mitel Networks Corporation

Mitel, a corporation organized and existing under the laws of Canada, is a leading provider of integrated communications solutions and services for business customers. Mitel's Internet Protocol, or IP, based communications solutions consist of a combination of telephony hardware products, such as communications platforms and desktop devices, and software applications that integrate voice, video and data communications with business applications and processes. Mitel complements its communications solutions with a range of services, including the design of communications networks, implementation, maintenance, training and support services. Mitel has been a leading vendor of business communications systems for over 25 years. Mitel offers packaged software applications that are designed to solve particular business communications challenges, including applications for contact centers, mobility, teleworking, messaging and collaboration. Mitel also develops solutions that focus on specific industries as well as custom software applications that address the needs of specific customers. Mitel's customers include prominent hotel chains, governmental agencies, retail chains and healthcare providers worldwide. Mitel operates from over 40 locations around the world and sells its communications solutions through a distribution network of over 1,400 channel partners that includes wholesale distributors, solutions providers, authorized resellers, communication services providers, systems integrators, and other distribution channels.

Mitel's offices are located at 350 Legget Drive, Kanata, Ontario, Canada K2K 2W7, Telephone: (613) 592-2122.

For more information about Mitel, see **The Companies - Mitel Networks Corporation** on page 15.

Table of Contents

Arsenal Acquisition Corporation

Arsenal Acquisition Corporation is a Delaware corporation and a wholly-owned subsidiary of Mitel. Arsenal Acquisition Corporation was organized solely for the purpose of entering into the Merger Agreement with Inter-Tel and completing the Merger and has not conducted any business operations.

Arsenal Acquisition Corporation is located at c/o Mitel Networks Corporation, Mitel Networks Corporation, 350 Legget Drive, Kanata, Ontario, Canada K2K 2W7, Telephone: (613) 592-2122.

See *The Companies - Arsenal Acquisition Corporation* on page 15 for additional information about Arsenal Acquisition Corporation.

Merger Consideration

If the Merger is completed, you will receive \$25.60 in cash, without interest, in exchange for each share of Inter-Tel common stock that you own immediately prior to the Merger. After the Merger is completed, you will have the right to receive the Merger Consideration but you will no longer have any rights as an Inter-Tel stockholder, except to the extent you have dissented from adoption of the Merger Agreement and asserted your rights to an appraisal of the fair value of your shares under the DGCL.

See *The Merger - Merger Consideration* on page 43 and *The Merger Appraisal Rights* beginning on page 49.

Treatment of Outstanding Stock Options and Equity Awards

Pursuant to the Merger Agreement, all options to purchase shares of Inter-Tel common stock under Inter-Tel's equity incentive plans and all performance share awards for which Inter-Tel common stock may be issued upon attaining specified performance goals granted under the 1997 Long-Term Incentive Plan that are outstanding immediately prior to the effective time of the Merger will vest and be canceled, in exchange for cash in an amount determined by multiplying:

the excess, if any, of the Merger Consideration of \$25.60 per share of Inter-Tel common stock, without interest, over the applicable exercise price of the option or other equity incentive award, by

the number of shares of common stock that

the holder could have purchased in the case of a stock option (assuming full vesting of such stock options); or

that could be issued to the holder in connection with a performance share award (assuming full vesting of such awards and attainment of specified performance goals).

See *The Merger - Treatment of Outstanding Stock Options and Equity Awards* on page 44 for additional information.

Interests of Inter-Tel's Directors and Management in the Merger

Edgar Filing: INTER TEL (DELAWARE), INC - Form DEFM14A

When considering the recommendation of the Board of Directors FOR the adoption of the Merger Agreement, you should be aware that members of the Board of Directors and certain officers of Inter-Tel have interests in the Merger that are different from yours, including, the following:

Norman Stout, Inter-Tel's Chief Executive Officer, entered into an employment agreement with Inter-Tel, pursuant to which he is entitled to certain severance and termination benefits if his employment is terminated under specified circumstances before or after the Merger.

Table of Contents

Certain of Inter-Tel's officers and directors have entered into change of control agreements with Inter-Tel pursuant to which they are entitled to receive certain severance and termination benefits if their employment is terminated under specified circumstances before or after the Merger.

Pursuant to the Merger Agreement, the certificate of incorporation and bylaws of the surviving corporation will include provisions for exculpation and indemnification of directors and officers that are equivalent in all material respects to those set forth in Inter-Tel's certificate of incorporation and bylaws in effect as of the date of the Merger Agreement, which provisions may not be amended for a period of six years after the effective time of the Merger, except as required by law or to enlarge the scope of the indemnification provided.

Pursuant to the Merger Agreement, directors' and officers' liability insurance for persons who are covered by Inter-Tel's directors' and officers' liability insurance as of the date of the Merger Agreement will be maintained for six years after the effective time of the Merger on terms comparable to those currently in effect.