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August 1, 2007

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Federal Communications Commission
Office of the Secretary

Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

**Re: Notification of *Ex Parte* Meeting
WC Docket No. 07-158; Request of Inter-Tel (Delaware), Inc., Inter-Tel
NetSolutions, Inc., and Mitel Networks Corporation for Approval of the
Transfer of Control of a Company Holding Domestic and International
Section 214 Authority**

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Federal Communications Commission's ("Commission") Rules, 47 C.F.R. § 1.1206, this letter serves to provide notice that on July 30, 2007, Catherine Wang and Jeffrey Strenkowski, on behalf of Inter-Tel (Delaware), Inc. and Inter-Tel NetSolutions, Inc., and Raul Rodriguez (of Leventhal Senter & Lerman PLLC) on behalf of Mitel Networks Corporation, met with Jodie May of the Wireline Competition Bureau.

The purpose of the meeting was to provide an overview of the proposed transaction that is the subject of the above-referenced proceeding, background on the Applicants, and to discuss the special temporary authority request made by the Applicants in this docket. The document attached hereto as Attachment A was provided to the meeting participants to summarize the same.

Pursuant to the Commission's Rules, this letter is being filed in the above-captioned proceeding for inclusion in the public record. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,



Catherine Wang
Jeffrey Strenkowski

Counsel for Inter-Tel (Delaware), Inc.
and Inter-Tel NetSolutions, Inc.

cc: Jodie May (FCC)

- Boston
- Hartford
- Hong Kong
- London
- Los Angeles
- New York
- Orange County
- San Francisco
- Santa Monica
- Silicon Valley
- Tokyo
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Attachment A

Inter-Tel - Mitel Transaction
WC Docket No. 07-158
ITC-T/C-20070608-00221

The Parties

Transferor: Inter-Tel (Delaware), Inc.
Licensee: Inter-Tel NetSolutions, Inc.
Transferee: Mitel Networks Corporation

Description of the Transaction and Parties

- Inter-Tel is a publicly traded provider of communications equipment, as well as customized applications, and system design principally to enterprise customers. Its subsidiary, Inter-Tel NetSolutions, offers domestic and international calling services to Inter-Tel's enterprise customers. NetSolutions holds international and domestic Section 214 authority and operates as a non-facilities based reseller.
- Mitel is a well-established telecommunications equipment and systems provider headquartered in Canada. Mitel does not provide any telecommunications services.
- Agreement and Plan of Merger dated April 26, 2007:
 - (1) Inter-Tel will merge with Mitel's subsidiary, Arsenal Acquisition Corporation, Inter-Tel surviving.
 - (2) Inter-Tel's stock will be cancelled and converted into the right to receive a certain amount of cash.
 - (3) Arsenal's stock will be converted into one share of stock of the surviving Inter-Tel.
 - (4) At the conclusion, Inter-Tel will be the wholly owned subsidiary of Mitel.
- The total purchase price is approximately \$723 million.
- The Applicants have already obtained necessary approvals in 15 states--the FCC's approval is the only outstanding regulatory consent required.

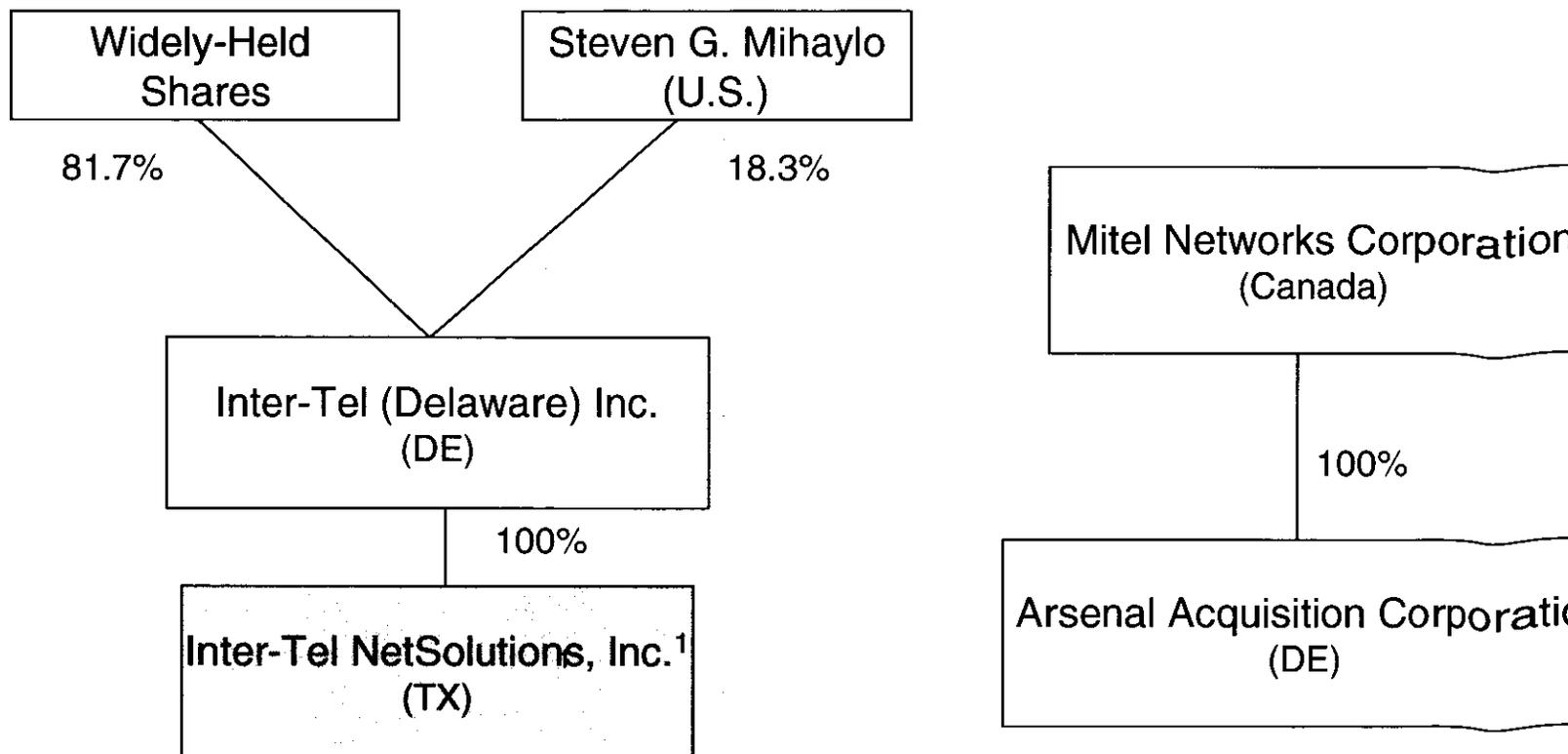
Special Temporary Authority Request

- On July 30, 2007, the Applicants filed requests for Special Temporary Authority (60 days, starting August 6, 2007) with the Wireline and International Bureaus.
- STA requests were made due to FCC delays in processing the domestic and international 214 applications, which in turn were caused by USAC/FCC billing errors (that Inter-Tel repeatedly sought to correct) that mistakenly put Inter-Tel into an extended "red light" status.
- With STA approval by August 6, 2007, the Applicants hope to complete the financing process and close the transaction as early as August 8, 2007.
- If the Applicants cannot timely consummate their transaction, the companies involved will suffer significant commercial and strategic harm that will ultimately harm consumers. Further delays in FCC approval will complicate the financing process, create uncertainty among shareholders, and endanger the Applicants' ability to close the transaction. Approval of the STA request is in the public interest.

Chronology of Events

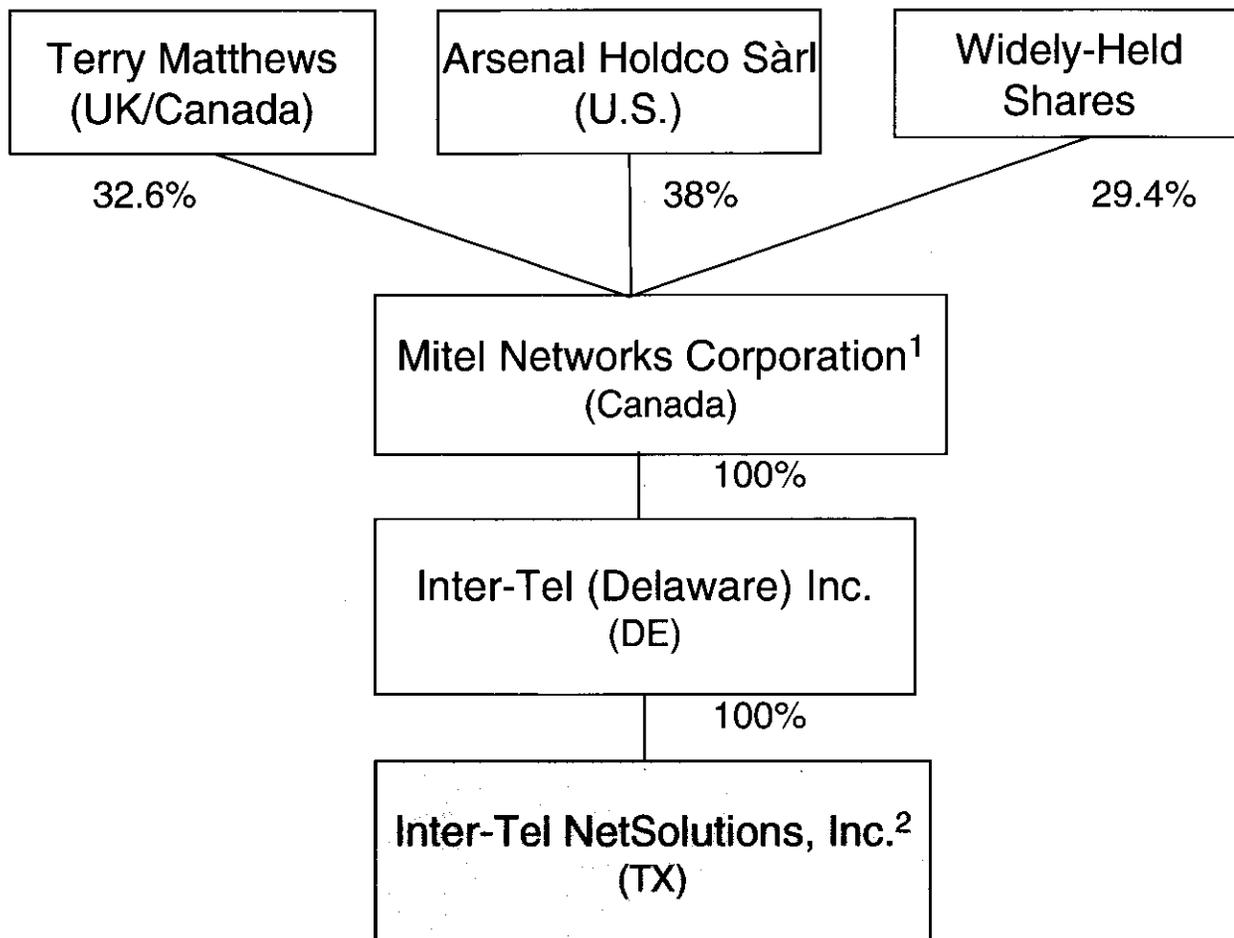
- April 26, 2007: Agreement and Plan of Merger signed.
- June 8, 2007: Applicants filed a combined international and domestic 214 application.
- June 11, 2007: Commission staff advised Inter-Tel that the application was subject to "red-light" status (2 delinquent payments alleged: approximately \$99,217 and \$23,721).
- June 12, 2007: Inter-Tel first advised Commission that it was unable to confirm the delinquent debt of \$99,217--Inter-Tel records showed such payments were made in timely manner.
- June 12, 2007 - July 25, 2007: Numerous Inter-Tel contacts with various FCC and USAC bill collection staff without response seeking resolution of the apparent error in Commission records.
- June 15, 2007: NetSolutions paid the \$23,721 regulatory fee balance to the Commission.
- July 12, 2007: The Commission dismissed the domestic 214 application.
- July 25, 2007: 214 application re-filed with Wireline Bureau.
- July 25, 2007: USAC's General Counsel informed Inter-Tel that the remaining "red-light" bill was, in fact, a Commission/USAC billing error. USAC's General Counsel referred Inter-Tel to the FCC's General Counsel's office for resolution of the "red-light" on the erroneous bill.
- July 26, 2007: The FCC's General Counsel's office advised Inter-Tel that it had in fact determined that the \$99,217 bill was erroneously reflected in the Commission's records as a delinquent debt and that Commission records would be corrected to lift the "red-light" status.
- July 26, 2007: Inter-Tel discovered that a *new* "red-light" status had been imposed on NetSolutions for an apparently unpaid amount of \$8,987.39 for 2006 annual regulatory fees. NetSolutions has confirmed that it has timely paid that amount (as evidenced by the FCC's cancelled check), and that this "red-light" status is also in error. On July 27, 2007, NetSolutions paid the 2006 regulatory fee again in order to quickly lift the remaining "red-light," and will separately seek an appropriate refund of its overpayment.
- July 27, 2007: "Red light" status was lifted.
- July 30, 2007: Special Temporary Authority requested of the Wireline and International Bureaus (request filed with each Bureau).
- July 30, 2007: Wireline Bureau requested information concerning whether Mitel (or its 10% or greater owners) have any U.S.-based telecom affiliates. Resolution of that question is currently pending.

Pre-Transaction Corporate Structure



¹ Inter-Tel NetSolutions is authorized to provide telecommunications services in the states.

Post-Transaction Corporate Structure



business reasons, Mitel may create a wholly-owned U.S. subsidiary prior to the closing that will receive all of Mitel's shares in Inter-Tel. Inter-Tel may then be a wholly-owned indirect subsidiary of Mitel. If Mitel moves forward with the creation of this subsidiary prior to the closing of the transaction, the Applicants will promptly notify the FCC of this *pro forma* change to the transaction structure.

Inter-Tel NetSolutions is authorized to provide telecommunications services in the states.