

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 20, 2007

IN RE:

**JOINT PETITION OF INTER-TEL NETSOLUTIONS, INC.
AND MITEL NETWORKS CORPORATION FOR APPROVAL
OF A MERGER AND TRANSFER OF CONTROL**

)
)
)
)
)

**DOCKET NO.
07-00146**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Director Eddie Roberson, Director Pat Miller and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 25, 2007 for consideration of the *Joint Petition of Inter-Tel NetSolutions, Inc. and Mitel Networks Corporation for Approval of a Merger and Transfer of Control* ("Joint Petition") filed on June 1, 2007.

Inter-Tel NetSolutions, Inc. ("ITNS") is a Texas corporation with principal offices in Phoenix, Arizona. ITNS holds authorization to provide international and domestic interstate telecommunications from the Federal Communications Commission ("FCC"), and is authorized to provide long distance telecommunications services in all fifty states and the District of Columbia. In Tennessee, ITNS has approximately fifty-three business customers and was granted authority to provide interexchange and local exchange services pursuant to Authority Orders issued in Docket Nos. 95-03325 and 05-00272 respectively.

ITNS is a wholly-owned subsidiary of Inter-Tel Incorporated ("Inter-Tel"), whose corporate offices are located in Tempe, Arizona. Inter-Tel was originally incorporated in

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

Mitel Networks Corporation (“Mitel”) was organized and exists under the laws of Canada. Mitel, a leading vendor of business communications systems for over twenty-five years, operates from over forty locations around the world and sells its communications solutions through a distribution network of over 1,400 channel partners. Mitel offers packaged software applications designed to solve business communications challenges, including applications for contact centers, mobility, teleworking, messaging and collaboration. Mitel does not offer telecommunications services in any state of the United States currently.

Mitel has formed a wholly-owned subsidiary, Arsenal Acquisition Corporation (“Arsenal”), for the sole purpose of facilitating a merger with Inter-Tel. Arsenal is a Delaware corporation and has not conducted any business operations.

The Joint Petition

Inter-Tel, Mitel and Arsenal have entered into an agreement and plan of merger dated April 26, 2007 pursuant to which Arsenal shall be merged with and into Inter-Tel, whereupon the separate existence of Arsenal shall cease, and Inter-Tel will emerge the surviving corporation. Each shareholder of Inter-Tel will receive cash in exchange for stock. Subsequent to the merger,

Inter-Tel will remain the 100% shareholder of ITNS and Mitel will own 100% of the issued and outstanding capital stock of Inter-Tel. The merger will have no adverse impact on ITNS customers since the transaction will be transparent to customers; the company will continue to provide services to customers under the same name, terms and conditions. No ITNS staff reductions are contemplated and ITNS' current management team responsible for its day-to-day operations will remain the same. The only change to ITNS will be a change in its ultimate ownership and control.

The proposed merger will provide ITNS with greater operating flexibility to pursue corporate goals such as expansion of its telecommunications infrastructure, possible acquisitions and future investments or strategic alliances, and improvement of customer services, billing, financial reporting and other management systems.

Findings and Conclusions

The Petitioners request approval to consummate the transfer of authority pursuant to Tenn. Code Ann. § 65-4-112 (2004) and Tenn. Code Ann. § 65-4-113 (2004). The Authority finds that the proposed transaction should be considered pursuant to Tenn. Code Ann. § 65-4-113 (2004) because control of a Tennessee-certificated entity is being transferred to a non-certificated entity.

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.


Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

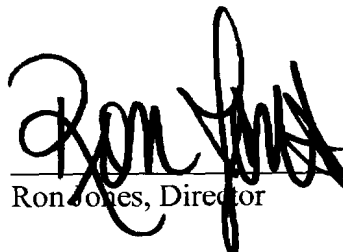
At the regularly scheduled Authority Conference held on June 25, 2007, the voting panel assigned to this docket considered the transfer of authority requested in the *Joint Petition* and voted unanimously to approve the merger and transfer of authority pursuant to Tenn. Code Ann. § 65-4-113 (2004) contingent on FCC approval.

IT IS THEREFORE ORDERED THAT:

The transfer of authority of Inter-Tel NetSolutions, Inc. to Mitel Networks Corporation as described in the *Joint Petition* and discussed herein is approved contingent upon approval by the Federal Communications Commission.


Eddie Roberson, Director


Pat Miller, Director


Ron Jones, Director