# **MITEL NETWORKS CORP**

# FORM SC TO-I/A (Amended tender offer statement by Issuer)

Filed 01/20/04

CIK 0001170534

SIC Code 3663 - Radio and Television Broadcasting and Communications Equipment

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to Schedule TO

Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

# **Mitel Networks Corporation**

(Name of Subject Company (issuer) and Filing Person (offeror))

Options to Purchase Common Shares without Par Value (Title of Class of Securities)

N/A (CUSIP Number of Class of Underlying Securities)

Ed Silberhorn
U.S. General Counsel and Corporate Secretary
Mitel Networks Corporation
350 Legget Drive
Ottawa, Ontario, Canada K2K 2W7
(613) 592-2122

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

#### Copies to:

Denise M. Tormey, Esq. Stephen E. Fox, Esq. Sonnenschein Nath & Rosenthal LLP

1221 Avenue of the Americas New York, New York 10020 (212) 768-6700

Calculation of Filing Fee

Transaction valuation(1) Amount of filing fee(2) \$10,858,604 \$879

- (1) Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase an aggregate of 13,101,574 shares of common stock of Mitel Networks Corporation having an aggregate value of \$10,858,604 as of December 19, 2003 will be exchanged pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model.
- (2) The amount of the filing fee, calculated in accordance with Section 13(e) of the Securities Exchange Act of 1934, as amended, equals \$80.90 for each \$1,000,000 of the value of the transaction. The filing fee was paid in connection with previous filings of this Schedule TO.

[] Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
Amount Previously Paid: Not applicable.
Form of Registration No.: Not applicable.
Filing Party: Not applicable.
Date Filed: Not applicable.
[ ] Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.
Check the appropriate boxes below to designate any transactions to which the statement relates:
[ ] third-party tender offer subject to Rule 14d-1.
X  issuer tender offer subject to Rule 13e-4.
[] going-private transaction subject to Rule 13e-3.
[] amendment to Schedule 13D under Rule 13d-2.
Check the following box if the filing is a final amendment reporting the results of the tender offer: [ ]

This Amendment No. 2 amends and supplements the Tender Offer Statement on Schedule TO (the "Tender Offer Statement") filed by Mitel Networks Corporation, a Canadian corporation (the "Company"), relating to the offer by the Company to exchange certain outstanding employee options to purchase its common shares, upon the terms and subject to the conditions set forth in the Offer to Exchange dated December 23, 2003, a copy of which was attached as Exhibit (a)(1) to the Tender Offer Statement, as amended hereby.

Item 12. Exhibits.

(a)(1) Offer to Exchange dated December 23, 2003\*

(a)(1) Offer to Exchange dated December 23, 2003*
(a)(2) Letter to United Kingdom Employees announcing the Exchange Offer*
(a)(3) Email to Non-United Kingdom Employees announcing the Exchange Offer*
(a)(4) Form of Email Auto Receipt confirming electronic delivery*
(a)(5) Form of Election Form*
(a)(6) Form of Withdrawal Form*
(a)(7) Form of Optionee Statement, including statement of employee stock option holdings*
(a)(8) Form of Letter accompanying Optionee Statement*
(a)(9) Frequently Asked Questions about the Exchange Offer*
(a)(10) Slide Show Presentation about the Exchange Offer*
(a)(11) Form of Confirmation of Election and Promise of Grant of New Options*
(a)(12) Form of Grant Letter*
(a)(13) Mitel Networks Corporation's Annual Report on Form 20-F for the fiscal year ended April 27, 2003, filed with the SEC on August 1, 2003 (incorporated herein by reference)
(a)(14) Form of Email to Employees dated January 20, 2004
(a)(15) Additional Frequently Asked Questions about the Exchange Offer
(b) Not applicable
(d)(1) Mitel Networks Corporation's Employee Stock Option Plan*
(g) Not applicable
(h) Not applicable

## **SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

## **Mitel Networks Corporation**

By: /s/ Donald W. Smith

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Name: Donald W. Smith
Title: Chief Executive Officer

Date: January 19, 2004

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#### Exhibit (a)(14)

[Form of Email dated January 20, 2004]

[To All Employees Worldwide]

Last Friday we completed the presentations and webinars explaining the 6 plus 1 stock option re-pricing program. I would like to thank you all for the time you have taken out of your busy schedules to attend these sessions. All the presenters received valuable feedback and I hope that we adequately answered your questions. There were a couple of common questions over and above the published FAQ's and these have been appended to the initial document. I have attached this for your ease of reference.

With less than a week to go until the offer expires, if you have any further questions, please do not hesitate to contact us at 6plus1@mitel.com. Also please note that the Six Plus One slide presentation used at the briefing session has now been posted on local Intranet sites should you wish to review it again.

Thanks again for attending,

### Regards

Don

#### Exhibit (a)(15)

Mitel Networks Corporation - Stock Option Exchange Offer Frequently Asked Questions

This fact sheet contains a brief informal summary of our Stock Option Exchange.

What is this offer and how does it work?

This is a planned voluntary stock option exchange offer. If choosing to participate, employees holding outstanding stock options will receive 1 new option for every 1 option returned and cancelled. Accordingly, the vesting dates and expiration term will be reset next July when the new grants are intended to be issued. The new options will be granted at least six months plus one day from the date of cancellation of the surrendered options. The exercise price of the new options will be equal to 100% of the fair market value of our shares on the date of the new grant. The new options will be governed by the Employee Stock Option Plan currently governing all of our outstanding options.

Why are we doing this?

Our Board and Executive Management, in recognizing employee commitment, wish to provide employees with a more effective incentive program while, at the same time, creating value for our stockholders. The offer is designed to give you the potential to get more value from your options in the future by exchanging your options for ones priced more relative to market conditions.

The offer takes into consideration our strategic direction, shareholder preferences, and U.S. securities and accounting, UK Inland Revenue and Canadian income tax laws and regulations.

Who will be eligible to participate in this program?

All of our employees who have outstanding stock options are eligible to participate. Non-employee members of our Board, consultants and independent advisors are not eligible to participate.

Do I have to participate in the offer?

You do not have to participate in the offer and there will be no repercussions if you choose not to participate. Again, it is entirely up to you but we cannot advise you of what action you should take. We are however endeavoring by the documents we provide and by the meetings we plan to ensure that you have sufficient information to make an informed decision. We do suggest, however, that you consult with your own professional tax and/or investment advisor to decide exactly what is right for you in your particular circumstances.

When do I have to make a decision?

The offer is valid until 23rd January 2004. If by midnight, Eastern Standard Time, on 23rd January 2004, you have taken no action, you will retain your existing stock options and will not have participated in this voluntary offer.

Who approved the offer?

Our Board of Directors and Executive Management approved the offer on the basis that this is an essential step towards rewarding our employees for their outstanding commitment.

Why did we choose this type of program rather than just re-pricing current options or issuing additional options?

Simply re-pricing outstanding options would require us, under applicable financial accounting rules, to recognize significant charges in our financial statements thus having a negative impact on our earnings per share and fair market value of our shares. Granting a large number of additional options without canceling outstanding options would have a dilutive effect to our stockholders and could have a dilutive effect on our earnings per share.

If the fair market value of our stock drops after I am granted the new options, will Mitel Networks make another similar offer?

We are making the offer only at this time due to the financial conditions that have affected us and the fair market value of our stock. This is a one-time offer and you should take this into account in deciding whether to participate and whether to tender your options for exchange. It is impossible to predict whether we would ever make a similar offer in the future, however we have no present plan to do so.

What happens to the shares I purchased through the employee stock purchase plan?

Individual shares purchased through the employee stock purchase plan are not included in this offer. Only option grants are eligible for exchange.

Do I have to exchange all my options or just some of them?

You cannot elect to surrender just some options per individual grant. If you surrender any option from an individual grant, all options from that grant must be surrendered. If you were granted 100 options in March 2001, you cannot surrender only 50. All 100 must be surrendered if any are to be surrendered. However, if you have two individual option grants, you do not have to surrender all options from both individual grants. You can surrender either the first grant or the second grant and keep all of the other, surrender all of both grants, or not surrender options from either grant.

What happens to my options if I decide not to participate in the offer?

If you decide not to participate in the offer, your options will remain outstanding until they terminate, expire or are exercised. They will retain their terms, including their exercise price.

What happens to my options that I have elected to exchange?

These will be cancelled upon the expiration of the offer (currently scheduled for 23rd January 2004) and you will no longer have any rights to them.

Is the offer conditional upon any other event?

There are certain circumstances, such as a change in accounting principles or a lawsuit challenging the offer that could affect the offer. However, once the offer has closed on 23rd January 2004, these events can no longer impact the offer.

Am I eligible to receive future grants if I participate in the offer?

Yes. Participating in the offer will not affect in any way your eligibility to receive future grants of options; however, if you participate in the offer, you will not be eligible to receive future option grants until the grant date of the new options.

To whom should I turn for advice including regarding tax implications of the offer?

We advise you to carefully review the documents we have distributed regarding this matter, particularly the Offer to Exchange document. Our employees, directors and officers cannot make any recommendation or give any advice and if you have any concerns you should consult your tax and/or financial advisor with regard to this offer.

If you have any questions about any of the documents we distributed to you, please call Julie Kozij at (613) 592-2122, extension 4130 or Sandra Felskie at

(613) 592-2122, extension 3475. You may also email questions to us at 6plus1@mitel.com.

What happens if I am no longer employed by Mitel Networks?

If your employment terminates after you surrender your options but before the expiration of the offer, you will not be eligible to participate in the offer and the options you surrendered will not be cancelled and will be returned to you.

If your employment terminates after the expiration of the offer but before we grant you your new options, you will not be granted any new options and the options you surrendered will have already been cancelled and will not be returned to you.

Am I guaranteed that the exercise price of my new options will be lower than those that I surrender?

The exercise price of the new options will be the fair market value of our shares on the day that the new options are granted, which we expect to be next July. There is no guarantee that the price will be lower than those surrendered, however the rationale for this offer is predicated upon the decision by the Board of Directors to do what they believe is in the best long-term interest of employees.

What happens if I change my mind?

You may withdraw your tendered options by submitting to us a properly completed withdrawal form before midnight, Eastern Standard Time, on 23rd January 2004.

How will I know that my tendered options have been accepted?

Promptly after we accept and cancel your tendered options, we will send you a confirmation statement indicating the number of options we cancelled and a promise by us to grant you the new options on the grant date.

When I received my stock option grant(s), I was informed that my options were eligible for the Ontario Research Employee Stock Option ("ORESO") tax credit. If I choose to exchange these options under the terms of the Offer to Exchange, can I transfer the tax benefit associated with my original option grant(s)?

The Province of Ontario tax legislation does not allow the transfer of the benefit available under ORESO to the new options granted in conjunction with the Offer to Exchange.

When the new options are granted in July 2004 a separate determination will need to be made on whether these options are eligible for the tax benefit under ORESO. Mitel Networks is unable to conclude at this time whether the options granted in July 2004 will be eligible for the ORESO tax credit.

For additional information on the ORESO program we recommend that you consult with your tax/financial advisor or contact the Tax Revenue Division of the Ontario Ministry of Finance.

In the Offer to Exchange document, it identified that the 3 Executive Officers of the Company, Don Smith, Paul Butcher and Steve Spooner, are eligible to participate in the offering. Can you tell me if these individuals intend to tender their options in the exchange?

Don, Paul and Steve have tendered all of their eligible options pursuant to the Offer. Their decision, however, is personal to them in each instance and should not be taken as a promotion of the program by Mitel Networks with respect to whether or not you should decide to participate given your own particular situation.

(This fact sheet is purely supplementary to the Offer to Exchange, which has been distributed to you. The Offer to Exchange is comprehensive in itself and this FAQ is not part of the document.)