

INTER TEL INC
Form 8-K
February 14, 2006

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): February 14, 2006
INTER-TEL, INCORPORATED
(Exact Name of Registrant as specified in charter)
Commission File Number 0-10211

Arizona
(State or other jurisdiction of incorporation)

86-0220994
I.R.S. Employer Identification Number

1615 S. 52nd Street
Tempe, Arizona
(Address of principal executive offices)

85281
(Zip Code)

Registrant's telephone number, including area code: (480) 449-8900

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 2.02. Results of Operations and Financial Condition.

Item 9.01. Financial Statements and Exhibits.

SIGNATURES

EXHIBIT INDEX

EX-99.1

Table of Contents

Item 2.02. Results of Operations and Financial Condition.

The following information is being furnished pursuant to Item 2.02 of Form 8-K. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On February 14, 2006, Inter-Tel, Incorporated (the Company) issued a press release announcing financial results for the fourth fiscal quarter ended December 31, 2005 and comparing such results with the results for the fourth fiscal quarter ended December 31, 2004. The press release also announced the restatement of certain comparative financial results.

Use of Non-GAAP Financial Information

Acquisition of Ireland subsidiaries (Lake acquisition) and write-off of In-Process Research and Development costs. The year ended December 31, 2005 operating income included a write-off of IPRD costs of \$2.6 million, which reduced net income by \$2.6 million, or \$0.10 per diluted share after tax. This write-off reflected the in-process research and development costs associated with the Company's Lake acquisition in March 2005. The IPRD write-off is not deductible for income tax purposes. Also provided are the operating results of our acquired Lake operations for the fourth quarter and year ended December 31, 2005. These non-GAAP condensed consolidated statements of operations are provided to enhance overall understanding of our current financial performance and how we view our operating results. The presentation of this non-GAAP information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP and is not necessarily comparable to non-GAAP results published by other companies.

Legal judgment, legal settlement and related legal costs. As disclosed in August 2005, a jury rendered a verdict against Inter-Tel in the net amount of approximately \$7.4 million in a trial in Florida. Although the Company is appealing the verdict, the Company has accrued the net verdict amount, plus legal costs incurred in the third quarter. Should the Company be successful or unsuccessful in the appeals process, these costs may be adjusted in the future. The Company also reached a separate settlement in another legal matter during the third quarter in connection with a longstanding dispute with a third-party vendor and customer. The total for the judgment, the net settlement, and legal fees incurred for both items during the third quarter was \$10.4 million. GAAP pre-tax costs associated with this item in the consolidated statements of income totaled \$10.4 million (\$0.26 per diluted share after taxes) during the quarter ended September 30, 2005.

A copy of the press release is hereby furnished as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following Exhibit is furnished as part of this report:

Exhibit 99.1 Press release dated February 14, 2006 announcing results for the fourth fiscal quarter ended December 31, 2005, comparing such results with the results for the fourth fiscal quarter ended December 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Table of Contents

INTER-TEL, INCORPORATED

Dated: February 14, 2006

By: /s/ Norman Stout
Norman Stout
Executive Vice President and
Chief Administrative Officer

-3-

Table of Contents

EXHIBIT INDEX

Exhibit
Number

99.1 Press release dated February 14, 2006 announcing results for the fourth fiscal quarter ended December 31, 2005, comparing such results with the results for the fourth fiscal quarter ended December 31, 2004.

-4-