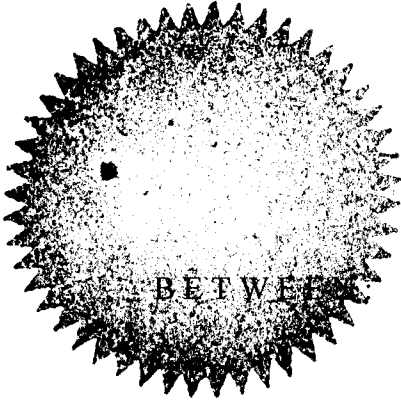


Court File No.

07 - CU - 337612 P03

**ONTARIO
SUPERIOR COURT OF JUSTICE**



BETWEEN

SHORETEL, INC.

Plaintiff

- and -

MITEL NETWORKS CORPORATION

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

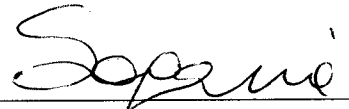
Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$5000, for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400 for costs and have the costs assessed by the court.

Date July 31, 2007

Issued by:



Local registrar

Address of Court office: 393 University Avenue
10th Floor
Toronto, Ontario
M5G 1E6

TO: MITEL NETWORKS CORPORATION
350 Legget Drive
Kanata, ON
K2K 2W7

CLAIM

1. The plaintiff, ShoreTel, Inc. (“ShoreTel”), claims as against the defendant, Mitel Networks Corporation (“Mitel”):
 - (a) a declaration that Mitel has made false or misleading statements tending to discredit the business, wares and services of ShoreTel;
 - (b) an interim interlocutory and permanent injunction restraining Mitel and its officers, directors, employees, agents, licensees, servants, related companies, assignees, and all those over whom Mitel exercises control or with whom Mitel acts in concert, from making false or misleading statements tending to discredit the business, wares or services of ShoreTel;
 - (c) the sum of \$11,000,000.00 representing damages caused to ShoreTel as a result of:
 - (i) Mitel making statements constituting trade libel or malicious falsehood; and
 - (ii) Mitel making false or misleading statements tending to discredit the business, wares or services of ShoreTel, contrary to section 7(a) of the *Trade-marks Act*, R.S., 1985, c. T-13;
 - (d) aggravated, exemplary and punitive damages in the amount of \$2,000,000.00;
 - (e) pre-judgment and post-judgment interest on the damages awarded pursuant to Sections 128 and 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43;
 - (f) ShoreTel’s costs of this action on a substantial indemnity scale; and
 - (g) such further and other relief as this Honourable Court deems just.

The Parties

2. ShoreTel is a corporation organized and existing under the laws of the State of Delaware. Its principal place of business is located at 960 Stewart Drive, Sunnyvale, Delaware, 94805. ShoreTel carries on business in the communications industry as a designer, developer, and seller of telephone equipment and services.

3. Mitel is a corporation organized and existing under the laws of Canada. Its principal place of business located at 350 Legget Drive, Kanata, Ontario, Canada, K2K 2W7. Mitel carries on business in the communications industry as a designer and seller of communication equipment and services.

4. ShoreTel and Mitel are competitors in the communications industry.

Mitel's Press Release

5. On February 10, 2007, ShoreTel filed with the United States Securities and Exchange Commission ("SEC") its initial Registration Statement on Form S-1 in anticipation of an initial public offering of its common stock ("IPO").

6. Between February 10, 2007, and late June 2007, ShoreTel, as is common in such transactions, filed with the SEC several amendments to its S-1 Registration Statement. During June 2007, ShoreTel's Chief Executive Officer and Chief Financial Officer toured the United States and Europe in what is commonly referred to as an "IPO road show." As the road show neared its close, it became clear that investor demand for the IPO was substantial and that the IPO would be successful. Accordingly, on June 25, 2007, ShoreTel filed its final amendment to its Registration Statement, signaling the imminence of its IPO. The SEC declared the Registration Statement effective on June 27, 2007, enabling ShoreTel to commence its IPO the next day. ShoreTel's underwriters determined the final price per share for the IPO of \$10.50, at the top of the range of \$8.50-\$10.50 previously set by the underwriters. ShoreTel, its underwriters, and the SEC prepared for ShoreTel's debut on the Nasdaq Global Market on the morning of June 28, 2007.

7. On June 27, 2007, the day before ShoreTel's IPO was to commence trading under its IPO, Mitel filed a complaint against ShoreTel in the U.S. District Court for the Eastern District of Texas, alleging patent infringement with respect to four U.S patents (the "Lawsuit"). Mitel knew that ShoreTel would be required to disclose this lawsuit to prospective investors and thus disrupt its IPO. Mitel's lawsuit had its intended effect on the United States public securities market: ShoreTel was forced to delay its initial public offering when its underwriters and investors were understandably concerned about the potential impact of Mitel's baseless lawsuit. Prior to Mitel's suit, ShoreTel had received commitments to purchase 7,900,000 million shares of its common stock, plus 1,185,000 additional shares pursuant to an overallotment option, at a price of \$10.50 per share. Because of Mitel's actions, ShoreTel had to delay its IPO, which it completed ~~11~~⁴ days later than expected. As a result of Mitel's misconduct, ShoreTel was only able to achieve a price of \$9.50 per share for its stock. As a direct consequence of Mital's misconduct, ShoreTel suffered damages of more than \$9,000,000.00.

8. The timing of Mitel's lawsuit was neither a coincidence, nor a good faith exercise of Mitel's patent rights. Instead, it constituted a bad faith attempt to obtain payments from ShoreTel for infringement claims with no objective basis. Although the asserted patents had issued years ago, Mitel provided no advance notice to ShoreTel that Mitel intended to pursue this litigation, or even that Mitel contended that any ShoreTel product implicated Mitel's patents in any way. Instead, Mitel sued ShoreTel out of the blue, and then immediately made demands for a short term license in a transparent effort to take advantage of ShoreTel's precarious situation as it attempted to complete the IPO.

9. On or about June 27, 2007, Mitel issued a company press release from its Ottawa, Ontario office and on its business website at the website address, www.mitel.com. In this press release, Mitel makes misleading and inaccurate statements regarding ShoreTel. The press release states:

Mitel Networks Corporation, the trusted innovator in unified IP communications solutions and applications, today announced that it has filed a lawsuit against ShoreTel Inc. in the U.S. District Court for the Eastern District of Texas, alleging infringement of four Mitel

patents – U.S. Patent Nos. 5,940,834, 5,703,942, 5,541,983, and 5,657,446.

“Mitel has invested significant resources into intellectual property in support of its communications innovations, and we intend to assert our rights against those that infringe that intellectual property,” said Christian Szpilfogel, Office of the CTO, Mitel.

Innovation has been at the heart of Mitel’s strategy of developing one of the industry’s leading unified IP communications solutions and product portfolios. Mitel has hundreds of patents and pending applications in the United States, Canada and Europe, and in other countries around the world. The company has been and continues to be recognized for leadership and innovation, earning numerous industry awards.

10. ShoreTel pleads that Mital’s press release was intended to induce third parties not to conduct business with ShoreTel and to deliberately injure ShoreTel’s IPO and its business interest generally. As a result of Mitel’s statements in the press release, ShoreTel’s underwriters and public investors became concerned about Mitel’s allegations of infringement, forcing ShoreTel to delay its IPO by ~~14~~ days.

4-14

11. Based on a plain and fair reading of the press release, it would be understood to mean that ShoreTel has infringed the patents at issue in the Lawsuit.

12. A decision of the U.S. District Court for the Eastern District of Texas with respect to the validity and infringement of the patents in issue has not been rendered. ShoreTel denies that it has infringed the patents and is vigorously defending the Lawsuit.

13. The statements made by Mitel, as set out above, constitute false or misleading statements made with the intent to injure ShoreTel in such a manner as to discredit the business, wares or services of ShoreTel, contrary to section 7(a) of the *Trade-marks Act*, R.S.C. 1985, c. T-13.

14. Further, by its conduct, Mitel knowingly and deliberately made false or misleading statements to the public with the intent to discredit ShoreTel’s business, wares or services to third parties.

15. ShoreTel pleads that Mitel's conduct has been malicious because:
- (a) the Lawsuit was groundless;
 - (b) the Lawsuit and press release were timed to create maximum harm to ShoreTel's IPO and to ShoreTel's business interest generally; and
 - (c) the Lawsuit was followed by a demand to extract significant sums of money from ShoreTel on the eve of ShoreTel commencing to trade under its IPO.

16. As a result of Mitel's conduct, ShoreTel has suffered loss and damage. Prior to the publication of Mitel's press release, ShoreTel had received commitments to sell 7,900,000 million shares of its common stock, plus 1,185,000 additional shares pursuant to an overallotment option, at a price of \$10.50 per share. As a result of Mitel's misconduct, ShoreTel was able to achieve a price of only \$9.50 per share.

17. Further, ShoreTel will continue to suffer harm if an injunction is not granted, restraining Mitel from making other false or misleading statements that tend to discredit the business, wares or services of ShoreTel.

18. ShoreTel is also entitled to an award of aggravated, exemplary and punitive damages given the high handed, callous, malicious, and deliberate nature of Mitel's conduct.

19. ShoreTel therefore respectfully requests that the relief in paragraph 1 herein be granted, with costs to ShoreTel on a substantial indemnity basis.

20. ShoreTel pleads and relies upon subsection 7(a) of the *Trade-marks Act*, R.S., 1985, c. T-13 and section 17 of the *Libel and Slander Act*, R.S.O. 1990, c. L-12.

The plaintiff proposes that this action be tried at the City of Toronto, in the Province of Ontario.

DATED: July 31, 2007

Ogilvy Renault LLP
Barristers and Solicitors
Royal Bank Plaza, South Tower
200 Bay Street
Suite 3800, P.O. Box 84
Toronto, Ontario M5J 2Z4

Brian W. Gray

LSUC # 18786W
Tel: (416) 216-1905
Fax: (416) 216-1886

Solicitors for the Plaintiff

