

INTER TEL INC
Form 8-K
October 22, 2003

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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): October 20, 2003

INTER-TEL, INCORPORATED

(Exact Name of Registrant as specified in charter)

Commission File Number 0-10211

Arizona
(State or other jurisdiction of incorporation)

1615 S. 52ND STREET
Tempe, Arizona
(Address of principal executive offices)

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

85281
(Zip Code)

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

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Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit Number	Description
99.1	Press release dated October 20, 2003 announcing pro-forma results for the third fiscal quarter and nine months ended September 30, 2003, and comparing such results with the results for the third quarter and nine months ended September 30, 2002.

Item 12. Results of Operations and Financial Condition.

On October 20, 2003, Inter-Tel, Incorporated (the Company) issued a press release announcing pro-forma results for the third fiscal quarter and nine months ended September 30, 2003 and comparing such results with the results for the third quarter and nine months ended September 30, 2002. Pursuant to General Instruction B.6 of Form 8-K, this exhibit is not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, but is instead furnished as required by that instruction.

The press release is furnished as Exhibit 99.1 hereto.

Use of Non-GAAP Financial Information

In May 2001, Inter-Tel entered into an agreement to submit to binding arbitration a lawsuit we filed in 1996. The arbitration was completed in January 2002 and, as a result of the arbitration, Inter-Tel received a one-time gross cash award of \$20 million in February 2002. Direct costs for attorney's fees, expert witness costs, arbitration costs and additional payments and expenses, totaled approximately \$4.5 million in 2002, excluding income taxes, for a net award of approximately \$15.5 million. The estimated net proceeds from this arbitration settlement were approximately \$9.5 million after taxes, or \$0.37 per diluted share for the year ended December 31, 2002.

This one-time litigation settlement was a non-recurring, non-operating item included in our GAAP results. Our management believes that the presentation of our results on a non-GAAP basis to exclude proceeds we received from the litigation settlement provides investors a more meaningful basis of evaluating our performance for the third fiscal quarter and first nine months of 2003, and for comparing our results with prior and subsequent periods.

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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.

INTER-TEL, INCORPORATED

Dated: October 20, 2003

By: /s/ Kurt R. Kneip

Kurt R. Kneip
Chief Financial Officer

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Number**

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