NEWS RELEASE

# Mitel Increases Proposal to Acquire ShoreTel to $8.50 Per Share in Cash and Stock

11/10/2014

In an effort to advance discussions, Mitel® (Nasdaq:MITL) (TSX:MNW) has increased its proposal to acquire all of the outstanding shares of ShoreTel (Nasdaq:SHOR) common stock to $8.50 per share in cash and stock, representing a total equity value of approximately $574 million. Mitel proposes to deliver to ShoreTel shareholders $8.10 per share in cash and $.40 per share in Mitel common shares, or approximately 2.72 million shares. This increased proposal represents a 31% premium to ShoreTel's unaffected stock price on October 17, 2014, and a 38% premium to ShoreTel's enterprise value.

The increased proposal was extended to ShoreTel's Board of Directors today in a letter from Mitel's President and CEO, Richard McBee.

"We continue to believe that the combination of our two companies offers a compelling opportunity to add sustained value to both organizations, and to solidify our combined leadership position in a highly competitive and rapidly consolidating market," said Mr. McBee. "In addition to the obvious benefit of an immediate and significant premium for ShoreTel shareholders, a combination of our two companies would create far superior value than could reasonably be obtained by ShoreTel as a standalone entity."

The full text of the letter is set forth below. The proposal remains open until 5:00 p.m. Eastern Standard Time on November 20, 2014.

November 10, 2014

ShoreTel, Inc.
960 Stewart Drive
Sunnyvale, CA 94085

Attention: Mr. Charles Kissner

Chairman of the Board of Directors

Re: Mitel Increased Proposal

Dear Chuck:

I am disappointed that your Board of Directors has rejected our proposal, and further disappointed by the lack of engagement and your refusal to even discuss a potential transaction on behalf of ShoreTel's shareholders.

We continue to believe that the combination of our two companies offers a compelling opportunity to add sustained value to both organizations, and would solidify our combined leadership position in a highly competitive and rapidly consolidating market. A review of recent cloud market share and growth rankings demonstrates the significant challenges ShoreTel faces as a standalone company. Our proposal, on the other hand, brings both an immediate and significant premium to your shareholders plus the opportunity for them to participate in the upside that would be created by a combination of our two companies.

While you have decided not to engage with us directly, we have had discussions with a number of your largest shareholders regarding our acquisition proposal. They support the logic and understand the benefits of a combination of our two companies, indicating an interest in participating in the upside of a combined organization.

Specifically, your shareholders identified three key value drivers that they feel are most critical to realizing the potential value of ShoreTel stock and which we believe a combination with Mitel would deliver -- cloud growth, recurring revenue and operational efficiency - each of which I have addressed below in greater detail.

Create the industry's fastest growing cloud business with #1 market share by revenue and #2 market share by recurring cloud seats

- Currently, based on Synergy Research's latest ranking, ShoreTel is the #5 player in the cloud based telephony market, with the competition continuing to extend their lead. Combining with Mitel, the #4 player, would create the clear #1 global market share leader based on the total number of installed cloud seats, with over $45 million of recurring cloud revenue per quarter.

- The combined organization would have the second largest cloud recurring revenue customer base in the world with over 400,000 installed recurring cloud seats, including 245,000 from Mitel and 160,500 from ShoreTel. In addition to the public cloud position, Mitel brings over 600,000 private cloud seats, growing over 70% YoY.

- Based on the rate at which cloud seats are being added quarterly, combining Mitel's 49,000 and ShoreTel's 9,000 net new recurring revenue cloud seats (in each company's most recently reported quarter) would catapult the combined entity into the fastest growing cloud business.

Achieve $450million in annual recurring revenue

- In the most recent quarter, recurring revenue on an annualized basis accounted for $310 million for Mitel and $142 million for ShoreTel. Combining our two companies would be the single most effective means of creating scale and driving meaningful recurring revenue.

Deliver significant near-term operational and execution efficiencies

- ShoreTel is challenged to deliver meaningful profitability while executing on its strategy. Given our proven track record of integrating and extracting operational efficiencies in past transactions, Mitel is confident in bringing the benefits of a combined $1.5 billion, global organization to our respective customers, employees and shareholders.

- Mitel has an established track record of ongoing innovation and industry firsts. With one of the industry's largest portfolio and with approximately 1800 patents and applications, Mitel's technical expertise in cloud, premise, and hybrid solutions offers ShoreTel's research and development program significant opportunities to accelerate their time to market.

Given all of the points outlined above and our firm belief in the proposed transaction, we are increasing our proposal to $8.50 per share. Further, to address the significant interest from your shareholders to participate in the potential upside of this transaction, approximately $0.40 per share of the above consideration would be delivered in Mitel stock. This represents a 31% premium to ShoreTel's unaffected price of $6.51 on October 17, and a 38% premium to enterprise value. Should you be willing to engage with us, we are confident that we could find a transaction structure that achieves your shareholders' objectives to realize an attractive and certain premium on their investment and participate in the benefits of a combined organization.

We are increasing our proposal without having had the benefit of any additional due diligence. We trust this further demonstrates our conviction in a transaction and encourages you, your Board and your management team, to sit

down with us to move toward a negotiated transaction.

As before, we intend for this proposal to remain open until 5:00 p.m. Eastern Standard Time on November 20, 2014.

We look forward to receiving a positive response from you shortly and, as we have said before, stand ready to meet with you and your team to discuss next steps.

Sincerely,

Richard D. McBee
President and CEO

cc: Don Joos, CEO, ShoreTel