

**Court File No. CV-25-00738691-00CL**

**MITEL NETWORKS CORPORATION**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC., AS PROPOSED  
INFORMATION OFFICER**

March 17<sup>th</sup>, 2025

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF MITEL NETWORKS CORPORATION**

**APPLICATION OF MITEL NETWORKS CORPORATION UNDER SECTION 46 OF  
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
c. C-36, AS AMENDED**

**PRE-FILING REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER**

**A. INTRODUCTION**

1. On March 9 and 10, 2025 (the “**Petition Date**”), MLN TopCo Ltd. (“**TopCo**”) and certain of its affiliates, including Mitel Networks Corporation (“**MNC**”) (collectively, the “**Debtors**”), filed voluntary petitions for relief in the United States Bankruptcy Court for the Southern District of Texas (the “**U.S. Bankruptcy Court**”) pursuant to chapter 11 of title 11 of the United States Code (the “**Chapter 11 Cases**”).
2. In its capacity as the then proposed foreign representative of the Debtors in the Chapter 11 Cases (the “**Foreign Representative**”), MNC sought and, on March 10, 2025, obtained an order (the “**Interim Stay Order**”) under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Among other things, the Interim Stay Order granted an interim stay of proceedings in favour of MNC and its property and business in Canada, and directors and officers. A copy of the Interim Stay Order is attached as Appendix “A”.
3. On March 10, 2025, the Debtors filed several first day motions in the Chapter 11 Cases (collectively, the “**First Day Motions**”) for various orders (collectively, the “**First Day Orders**”). Following a hearing of the First Day Motions on March 11, 2025, the U.S. Bankruptcy Court granted the following First Day Orders:
  - (a) *Order (A) Directing Joint Administration of Related Chapter 11 Cases and (B) Granting Related Relief* (the “**Joint Administration Order**”);

- (b) *Order Authorizing the Employment and Retention of Stretto Inc. as Claims, Noticing, and Solicitation Agent* (the “**Claims Agent Retention Order**”);
- (c) *Final Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms and Books and Records, and (D) Continue to Perform Intercompany Transactions and (II) Granting Related Relief* (the “**Cash Management Order**”);
- (d) *Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief* (the “**Wages Order**”);
- (e) *Final Order (I) Authorizing the Debtors to Pay Certain Prepetition Claims of (A) Critical Vendors, (B) Lien Claimants, (C) Certain Critical Foreign Claimants, and (D) 503(b)(9) Claimants, (II) Confirming Administrative Expense Priority of Outstanding Orders, and (III) Granting Related Relief* (the “**Critical Vendors Order**”);
- (f) *Order (I) Authorizing the Payment of Certain Taxes and Fees and (II) Granting Related Relief* (the “**Taxes Order**”);
- (g) *Order (I) Approving the Debtors’ Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (III) Approving the Debtors’ Proposed Procedures for Resolving Additional Assurance Requests, and (IV) Granting Related Relief* (the “**Utilities Order**”);
- (h) *Final Order (I) Establishing Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Interests of MLN US TopCo Inc. and Claims Against the Debtors and (II) Granting Related Relief* (the “**NOL Order**”);
- (i) *Order (I) Authorizing the Debtors to Maintain and Administer Their Existing Customer and Partner Programs and Contracts, and Honor Certain Prepetition Obligations Related Thereto and (II) Granting Related Relief* (the “**Customer Programs Order**”);
- (j) *Order (I) Restating and Enforcing the Worldwide Automatic Stay, Anti-*

*Discrimination Provisions, and Ipso Facto Protections of the Bankruptcy Code; (II) Approving the Form and Manner of Notice Related Thereto; and (III) Granting Related Relief (the “**Stay Enforcement Order**”);*

(k) *Order (I) Authorizing the Debtors to (A) Continue Prepetition Insurance Coverage and Satisfy Prepetition Obligations Related Thereto, (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies, (C) Continue to Pay Brokerage Fees, Honor the Terms of Premium Financing Agreements and Pay Premiums Thereunder, (E) Enter into New Agreements to Finance Premiums in the Ordinary Course of Business, and (F) Maintain Their Surety Bond Program, and (II) Granting Related Relief (the “**Insurance Order**”);*

(l) *Interim Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Postpetition Financing, (B) Use Cash Collateral and (C) Grant Liens and Provide Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (IV) Granting Related Relief (the “**Interim DIP Order**”);*  
and

(m) *Order (I) Authorizing Mitel Networks Corporation to Act as Foreign Representative, and (II) Granting Related Relief (the “**Foreign Representative Order**”).*

4. This Pre-Filing Report (this “**Pre-Filing Report**”) is filed by FTI Canada Consulting Inc. (“**FTI**”), in its capacity as the proposed information officer (in such capacity, the “**Proposed Information Officer**”) in these recognition proceedings (the “**Recognition Proceedings**”). The purpose of this Pre-Filing Report is to provide the Court with the following:

(a) certain background information concerning the Debtors, the Chapter 11 Cases and these Recognition Proceedings (together, the “**Restructuring Proceedings**”);

(b) qualifications of FTI to act as the information officer in these Recognition Proceedings (if appointed in such capacity, the “**Information Officer**”);

(c) the Proposed Information Officer’s views regarding the Foreign Representative’s application for an order (the “**Initial Recognition Order**”), among other things:

(i) recognizing MNC as the foreign representative in respect of the Chapter 11

Cases; and

- (ii) recognizing the Chapter 11 Cases as a “foreign main proceeding” in respect of MNC;
- (d) the Proposed Information Officer’s views regarding the Foreign Representative’s application for an order (the “**Supplemental Order**”), among other things:
  - (i) recognizing certain of the First Day Orders;
  - (ii) granting a stay of proceedings in respect of MNC and its directors and officers;
  - (iii) appointing FTI as Information Officer in respect of these proceedings;
  - (iv) granting a charge over the assets and property of MNC in Canada in favour of Canadian counsel to MNC, the Information Officer and counsel to the Information Officer (the “**Administration Charge**”);
  - (v) granting a charge over the assets and property of MNC in Canada to secure the indemnity obligations of MNC to its directors and officers in respect of obligations and liabilities that such directors and officers may incur during these proceedings in their capacities as such (the “**D&O Charge**”); and
  - (vi) granting a charge over the assets and property of MNC in Canada to secure the DIP Financing (the “**DIP Charge**”).

## **B. TERMS OF REFERENCE**

5. In preparing this report, the Proposed Information Officer has relied upon certain information prepared by the Debtors and their representatives, the Debtors’ books and records, and discussions with Canadian counsel to the Foreign Representative (collectively, the “**Information**”).
6. Except as described in this Pre-Filing Report:
  - (a) The Proposed Information Officer has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and, accordingly, the Proposed Information Officer expresses no opinion or other form of assurance in respect of the Information; and

- (b) The Proposed Information Officer has not examined or reviewed forecasts and projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Handbook.
7. Future oriented financial information reported in or relied in preparing this Pre-Filing Report is based on the assumptions and estimates of the Debtors' management. Actual results may vary from such information and these variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in United States ("U.S.") dollars. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Affidavit of Janine Yetter sworn March 10, 2025 (the "**First Yetter Affidavit**") or the declaration of Janine Yetter dated March 10, 2025 (the "**Yetter Declaration**").
- C. FTI'S QUALIFICATIONS TO ACT AS THE INFORMATION OFFICER**
9. FTI is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. FTI has consented to act as the Information Officer if the Court grants the Initial Recognition Order and Supplemental Order sought by the Foreign Representative. A copy of FTI's consent to act is attached as **Appendix "B"**.
10. FTI personnel are familiar with the business and operations of the Debtors and the key issues and stakeholders in these Recognition Proceedings. Further, FTI has substantial experience in domestic and cross-border restructuring proceedings under the CCAA, including by virtue of its role as the Court-appointed information officer in other complex mandates.
11. FTI has searched its conflicts database in accordance with its usual practice and internal policies. FTI is not aware of any conflict of interest that would prevent it from acting as the Information Officer in these Recognition Proceedings.
12. Pursuant to the engagement letter dated August 11, 2024 (the "**FTI Consulting Engagement Letter**"), the Debtors have retained FTI Consulting, Inc. ("**FTI Consulting**"), an affiliate of FTI, to provide various consulting and advisory services during the Chapter 11 Cases; however, these services are to be distinct, specific and separate from those provided by FTI in its capacity as Information Officer in these Recognition Proceedings.
13. These services include, but are not limited to, assistance with the preparation of financial related disclosures required by the U.S. Bankruptcy Court, assistance with the

identification and implementation of short-term cash management procedures, assistance with the preparation of financial information for distribution to creditors, analyzing creditor claims and other related matters.

14. In a number of complex cross-border restructurings, FTI Consulting has been retained as the debtors' financial advisor during the Chapter 11 cases and FTI has also been appointed to act as Information Officer in the corresponding recognition proceedings.

#### **D. BACKGROUND**

15. A detailed description of the Debtors, including MNC, their businesses, corporate structure, prepetition capital structure and indebtedness, and the events preceding the Chapter 11 Cases and these Recognition Proceedings is provided in the First Yetter Affidavit and Yetter Declaration. Certain of such information is summarized below.

##### *Overview of the Debtors and Their Business*

16. The Debtors (including MNC) and other non-Debtor affiliates comprise the “**Mitel Group**” (also referred to herein as the “**Company**”), which is a global provider of business communications and collaboration solutions, including telecommunication products, collaboration platforms, and technical services. The Mitel Group does business in 146 countries, including Canada, the country in which it was originally founded.
17. The Mitel Group was acquired by Searchlight Capital Partners L.P. (“**Searchlight**”) in 2018 and taken private, which resulted in MNC becoming a direct wholly-owned subsidiary of Mitel Networks (International) Limited (“**MNIL**”), a private limited company incorporated under the laws of England and Wales. In addition to TopCo, a private Cayman Islands company, and MNIL, the other Debtors in the Chapter 11 Cases include 12 of MNIL's United States subsidiaries, MNC and Mitel Europe Limited (“**Mitel Europe**”), a United Kingdom limited company.

##### *The Canadian Business*

18. MNC is the principal entity through which the Company conducts its business in Canada (the “**Canadian Business**”). The Canadian Business services the Canadian market on behalf of the Mitel Group, contracting with both Canadian and international customers and vendors.
19. MNC employs 323 individuals in Canada, which represents approximately 7.5% of the Mitel Group's total workforce. MNC's registered and head office is located at 4000



Innovation Drive, Ottawa, Ontario, K2K 3K1 Canada (the “**Ontario Office**”).

20. MNC owns much of the Company’s intellectual property, which includes (a) approximately 902 patents and designs (127 of which are registered in Canada); (b) approximately 166 trademarks (23 of which are registered in Canada); and (c) approximately 50 registered copyrights (10 of which are registered in Canada).
21. MNC employees provide services to both MNC and the Mitel Group more generally. For instance, employees at the Ontario Office are responsible for marketing, finance, and accounting, among other workstreams, that support both MNC and the Mitel Group at large.
22. MNC uses payroll service provider ADP Technologies, Inc. to process and administer payroll, which is paid in arrears on a bi-weekly basis. Some employees that perform a sales function receive commission, which are paid in arrears monthly, with quarterly “true up” payments then disbursed within 60 days of the end of the applicable quarter.
23. Employee health and welfare insurance and benefits programs and retirement plans are managed and overseen by the Company’s group director for compensation and benefits who is based out of the United States. There exists a Canadian registered defined contribution pension plan and a Canadian group registered retirement savings plan, each of which is administered in Canada by Sun Life Assurance Company of Canada. Approximately 319 employees participate in these plans.
24. MNC employees also participate in the Company’s non-insider incentive and bonus programs, which include an annual incentive program, a long-term incentive program, an invention disclosure program, an outstanding achievements program, and a cash bonus program related to customers upgrading hardware as a result of engagement with an employee.
25. As of the date of this report, MNC is current with respect to all employee payments. Pursuant to the Wages Order, the Debtors, including MNC, have the authorization to, among other things, (i) pay prepetition wages, salaries, other compensation, and reimbursable expenses to their employees and (ii) continue employee benefits programs in the ordinary course of business, including payment of certain prepetition obligations related thereto.

### ***Financial Overview***

26. The Company has endured financial struggles for the last several years. In an effort to

combat operational and liquidity issues, the Company consummated a transaction in 2022 involving (a) the provision of \$156 million in new money financing in priority to existing loans; and (b) the Company purchasing existing loans in exchange for \$701 million of two tranches of higher-priority loans ranking behind the new money financing but in priority to the existing loans (the “**2022 Transaction**”).

27. As described in greater detail in the First Yetter Affidavit, despite the implementation of the 2022 Transaction and various other strategic initiatives, the Company has struggled to eliminate its liquidity issues. Recently, the Company has endured various industry and external challenges that resulted in adverse impacts on its operations. The shift to remote work caused by the COVID-19 pandemic resulted in a reduced demand for the Company’s in-office communication products. Post-pandemic, hybrid communications solutions have become more desirable, but the Company’s efforts to adapt to this shift were hindered by liquidity constraints. Furthermore, inflation and supply chain disruptions increased the Company’s material costs and increasing interest rates in the United States worsened the Company’s financial and liquidity position.

***Indebtedness of the Mitel Group***

28. The secured debt obligations of the Company as of the Petition Date are summarized below.

<u>Description</u>	<u>Secured Funded Debt</u>	<u>Maturity</u>	<u>Appx. Principal Amount Outstanding (as of March 2025)</u>
ABL Loans	Swiss ABL Loans	May 2027	\$3 million
	Non-Swiss ABL Loans	May 2027	\$14 million
Senior Loans	Priority Lien Term Loans	October 2027	\$156 million
	Incremental Revolving Loans	November 2025	\$64 million
	Second Lien Term Loans	October 2027	\$576 million
	Third Lien Term Loans	October 2027	\$125 million
	Third Lien Additional Facility	October 2027	\$32 million
Junior Loans	Legacy Senior Term Loans	November 2025	\$235 million
	Legacy Junior Term Loans	November 2026	\$108 million
<b><u>Total Secured Funded Debt</u></b>			<b><u>\$1.31 billion</u></b>

29. MNC is a guarantor of the obligations under the ABL Loans, the Senior Loans and the Junior Loans, and has also granted security interests in, among other things, its existing and after acquired personal property in respect of its guarantees of the Senior Loans and the Junior Loans. MNC has not granted security in respect of its guarantee of the ABL

Loans.

30. An “**Omnibus Intercreditor Agreement**” amongst various of the Company’s creditors governs, among other things, the rights, interest, obligations, priority, and positions of the liens and claims to the common collateral under the Senior Loans and the Junior Loans.

### *Unsecured Obligations*

31. MNCs unsecured obligations mainly include: (i) accounts payable and accrued liabilities owed to trade vendors and ordinary course professionals; (ii) amounts owed under various equipment and real estate lease agreements; (iii) provincial sales taxes; (iv) employee liabilities including accrued payroll and statutory remittances, accrued vacation, accrued bonuses and commissions, and termination and severance liability owed to former employees; (v) intercompany balances; (vi) deferred customer revenues; and (vii) unsecured guarantee in respect of the ABL Loans.
32. While MNC has stayed current with respect to all employee liabilities and provincial sales taxes, due to liquidity challenges leading up to the filing of Chapter 11 Cases, MNC has significant overdue accounts payable balances with many trade creditors, ordinary course professionals, and lessors. Pursuant to the Critical Vendors Order, MNC intends to use the DIP financing proceeds to alleviate various overdue accounts payable.
33. MNC’s general unsecured creditors are expected to be unimpaired in the Restructuring Proceedings.

### *The Debtors’ Cash Management System*

34. MNC participates in the Mitel Group’s sophisticated cash management system (the “**Cash Management System**”) that facilitates collections, transfers, and disbursements of the Company in a timely and efficient fashion. It consists of over 200 bank accounts, seven of which belong to MNC. One of MNC’s accounts is a collection account, two are disbursement accounts, and three are foreign exchange conversion accounts across Canadian, United States, UK and Luxembourg branches of JPMorgan Chase Bank, N.A.. The remaining account is currently inactive, although it may be used to provide cash collateral to support letter of credit, if necessary.
35. MNC’s collection account carries a cash balance at the end of each day and funds aggregated into the account are transferred manually on a daily basis to either the Company’s primary collections account (the “**Main Concentration Account**”) located in the United States or one of MNC’s two disbursement accounts. Funds may also be used to

make disbursements directly in connection with MNC's operating costs.

36. MNC's foreign exchange accounts are used to convert receipts from the Company's business operations outside of the United States and Canada into various currencies. Converted funds are then transferred manually to the Main Concentration Account, MNC's general disbursement accounts, or certain disbursement accounts maintained by MNIL.
37. MNC's general disbursement accounts receive funds from the Main Concentration Account, MNC's collection account, and MNC's foreign exchange conversion accounts.
38. The Company frequently moves cash within the Cash Management System in the ordinary course of business. These cash transfers are maintained by the Company such that each intercompany receivable and payable generated pursuant to any intercompany transactions can be traced and accounted for.

#### **E. THE CENTRE OF MAIN INTEREST**

39. As set out in detail in the First Yetter Affidavit, the Mitel Group operates a global business on an integrated basis under the oversight of senior management. Its leadership team is spread out across the United States, Canada and Europe with six of the 11 executive leaders based in the United States, including the Company's Chief Executive Officer and Chief Financial Officer.
40. MNC is a direct, wholly-owned subsidiary of MNIL, the holding company through which the Mitel Group holds its various operating segments. MNC is deeply integrated within the broader Mitel Group, including from a financing, funding, cash management, human resources and operational perspective.
41. The Company is managed on a consolidated basis and the Mitel Group reports its financial results for the entire group of entities (including MNC) on a consolidated basis. Stand-alone financial statements for MNC are not typically prepared.
42. MNC is a guarantor of the entire \$1.31 billion of funded indebtedness of the Mitel Group and has granted liens on all its assets and property as security in respect of its guarantees of the Senior Loans and the Junior Loans.
43. MNC is fully integrated into the Mitel Group's Cash Management System and the Mitel Group's system of intercompany transactions, and decisions with respect to MNC's intellectual property are made by the Mitel Group's senior leadership.

44. All of the Debtors, other than TopCo, MNIL, Mitel Europ and MNC, are incorporated or formed under United States law, are headquartered or have their registered head office in the United States, carry out business in the United States, or have all, or substantially all, of their assets in the United States.
45. MNC has strong connections to the United States in particular. Among other things, the Mitel Group's senior leadership, which is predominantly United States based, exercises primary strategic oversight over MNC, including with respect to key operational and business decisions, funding and cash management matters, and licensing of MNC's intellectual property. In addition, the \$1.31 billion of funded debt guaranteed by MNC is governed by United States law and the majority of the lenders are United States based.
46. Having regard to, among other things, the numerous ways in which MNC is integrated with the other Debtors and the rest of the Mitel Group, and dependent upon the Company's leadership and management teams within the United States, the nature of the U.S. law governed debt that is the subject of the Restructuring Transactions, and the location of the majority of the Mitel Group's lenders affected by the Restructuring Transactions, which are United States based, the Proposed Information Officer is of the view that MNC's key operations are led in the United States and agrees that the facts and circumstances support the recognition of the Chapter 11 Cases as a "foreign main proceeding".

**F. PROPOSED INFORMATION OFFICER'S ACTIVITIES TO DATE**

47. To date, the activities of the Proposed Information Officer have included, among other things:
  - (a) monitoring the Docket to remain apprised of materials filed in the Chapter 11 Cases;
  - (b) preparing for the Proposed Foreign Representative's application for the Interim Stay Order;
  - (c) assisting the Proposed Foreign Representative and its Canadian legal counsel in determining the appropriate quantum of both the Administration Charge and the D&O Charge;
  - (d) engaging in discussions with the Debtors' financial advisors, to understand the Debtors' cash flows projections, contemplated sources and uses of DIP funding, and nature of intercompany transactions involving MNC;

- (e) establishing and updating the Case Website;
- (f) establishing and monitoring the Proposed Information Officer's mailbox and hotline;
- (g) communicating with advisors to the Debtors, the Debtors' Canadian legal counsel, and the Proposed Information Officer's Counsel regarding matters relevant to the Chapter 11 Cases and the Recognition Proceedings; and
- (h) preparing this Pre-Filing Report.

## **G. THE INTERIM DIP ORDER AND DIP FACILITIES**

48. As part of the First Day Motions, the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (C) Grant Liens and Provide Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* (the "**DIP Motion**") and obtained the Interim DIP Order.
49. Pursuant to the DIP Motion, the Debtors sought, among other things, authorization to obtain the DIP Financing on the terms set out in the Debtor-in-Possession Term Loan Credit Agreement (the "**DIP Credit Agreement**"), with such DIP Financing consisting of:
- \$60 million of DIP New Money Term Loans which will be available immediately upon entry by the U.S. Bankruptcy Court of the Interim DIP Order; and
  - on the date of the entry of the Final DIP Order, \$62 million in aggregate principal amount of the Priority Lien Loans shall be deemed substituted and exchanged for term loans under the DIP Credit Agreement in an aggregate principal amount of \$62 million (the "**DIP Rolled-Up Loans**" and, together with the DIP New Money Term Loans, the "**DIP Loans**").
50. MLN US HoldCo LLC is the borrower under the DIP Credit Agreement and each of the other Debtors (including MNC) are guarantors of the DIP Loans.
51. Without the proceeds of the DIP Financing and access to cash collateral, the Debtors, including MNC, lack the liquidity necessary to continue operations. The DIP Financing provides the Debtors, including MNC, with sufficient liquidity to operate their business, administer the Chapter 11 Cases and these Canadian recognition proceedings to pursue a

restructuring. As MNC incurs a significant amount of operating costs for the benefit of other Debtors and non-Debtor affiliates, resulting in a significant cash flow loss for MNC before settlement of intercompany balances, it is anticipated that approximately half of all DIP financing proceeds of \$60 million will be used to fund MNC.

52. An independent security opinion (the “**Security Opinion**”) was completed by counsel to the Proposed Information Officer to opine on the validity of the security granted by MNC in respect of its guarantees of the Priority Lien Loans which are contemplated to be rolled up as part of the DIP Loans. As per the Security Opinion, independent counsel concluded that, in its view and subject to standard qualifications and restrictions, the security granted by MNC is valid and enforceable against MNC. Further, the Security Opinion concludes that all relevant registrations were made to perfect such security with respect to the personal property of MNC. A copy of Stikeman Elliott LLP’s opinion will be provided to the Court upon request and to any interested party requesting a copy of same who confirms in advance that: (a) such party is not Stikeman Elliott LLP’s client and therefore is not entitled to rely upon the opinion and that Stikeman Elliott LLP has no liability or responsibility to such party with respect to any loss, liability, damage or expense in connection with the provision to such party of the opinion or such party’s review of contents thereof; (b) such party will not disclose the opinion to any other party without the consent of FTI; and (c) the provision of the opinion does not constitute a waiver of privilege.

#### **H. THE FIRST DAY ORDERS PROPOSED TO BE RECOGNIZED**

53. The First Day Motions and the First Day Orders are described in the Yetter Declaration and the First Yetter Affidavit, respectively. Copies of the First Day Motions and the First Day Orders, together with all other publicly filed information in the Chapter 11 Cases, are available on the case website maintained by *Stretto Inc.* at the following address: <https://cases.stretto.com/mitel/> (the “**Docket**”).
54. MNC, in its capacity as the Foreign Representative, is seeking recognition of certain of the First Day Orders that have been entered by the U.S. Bankruptcy Court in the Chapter 11 Cases. The First Day Orders to be recognized pursuant to the proposed Supplemental Order are listed and described in the First Yetter Affidavit. Copies of such First Day Orders are appended to the proposed Supplemental Order as Schedules “A” to “M”.
55. With the assistance of Stikeman Elliott LLP, the Proposed Information Officer has reviewed and considered the First Day Orders and discussed them with counsel to the Foreign Representative. The Proposed Information Officer is of the view that much of the



relief contained in the First Day Orders is common in chapter 11 cases and is frequently recognized by Canadian courts in cross-border insolvency proceedings.

## **I. THE CHARGES PROPOSED UNDER THE SUPPLEMENTAL ORDER**

56. Pursuant to the proposed Supplemental Order, the Foreign Representative seeks the granting of the Administration Charge, the D&O Charge, and the DIP Charge over the assets and property of MNC in Canada (together, the “**Charges**”). The priorities of the Charges are proposed to be as follows:
- (a) First – Administration Charge (to the maximum amount of CDN\$500,000);
  - (b) Second – D&O Charge (to the maximum amount of CDN\$3.8 million); and
  - (c) Third – DIP Charge.
57. Each of the Charges and the Proposed Information Officer’s views with respect thereto are discussed below.

### ***The Administration Charge***

58. The proposed Supplemental Order provides that Goodmans LLP, as Canadian counsel to MNC, the Information Officer and counsel to the Information Officer will be granted a charge in the maximum amount of CDN\$500,000 over the assets and property of MNC in Canada to secure the fees and disbursements of such professionals incurred in respect of these proceedings. The proposed Administration Charge only applies to the assets of MNC and not to any of the other entities in the Mitel Group. The Administration Charge is proposed to rank in priority to all other encumbrances in respect of MNC, except for any encumbrances in favour of any person that did not receive notice of the application for the Supplemental Order.
59. In the circumstances, the Proposed Information Officer is of the view that the proposed Administration Charge is both reasonable and appropriate. Moreover, the Proposed Information Officer is of the view that it will ensure that MNC has the benefit of the professional advice and expertise necessary for the success of these Recognition Proceedings. For these reasons, the Proposed Information Officer respectfully recommends that the proposed Administration Charge be granted under the Supplemental Order.

### ***The D&O Charge***



60. MNC's directors and officers are potential beneficiaries of director and officer liability insurance maintained by the Mitel Group (the "**D&O Insurance**") with an aggregated coverage limit of \$40 million. Given the various liabilities and the need for the continued service of the director and officers of MNC in these proceedings, MNC, as the Foreign Representative, seeks the granting of a charge over the assets and property of MNC in Canada in favour of MNC's directors and officers in the maximum amount of CDN\$3.8 million.
61. The D&O Charge would secure the indemnity provided to the directors and officers in the proposed Supplemental Order in respect of liabilities they may incur during these Canadian recognition proceedings in their capacities as such, except where the obligation or liability was incurred as a result of the director's or officer's gross negligence or willful misconduct. The D&O Charge would only be relied upon if the existing D&O Insurance does not suffice in covering any exposure of MNC's directors and officers.
62. The Proposed Information Officer is of the view that the quantum of the proposed D&O Charge is reasonable in light of the potential personal liabilities that may be incurred by MNC's directors during the pendency of these Recognition Proceedings and respectfully recommends that the proposed D&O Charge be granted.

### ***The DIP Charge***

63. The DIP Credit Agreement contemplates the granting of a court-ordered charge in favour of the DIP Lenders over MNC's Canadian assets and property, to secure the obligations outstanding from time to time under the DIP Financing. As such, MNC, as the Foreign Representative, is seeking the granting of the DIP Charge pursuant to the Supplemental Order, which would be subordinate to the proposed Administration Charge and the D&O Charge, and rank ahead of all other encumbrances in priority, except for those in favour of any person that did not receive notice of the application for the Supplemental Order.
64. As referenced above, MNC is expected to require approximately half of the DIP New Money Term Loans to fund the Canadian Business during the restructuring.
65. The Proposed Information Officer respectfully recommends that the proposed DIP Charge be granted under the supplemental order.

### **J. CONCLUSION**

66. The Company has determined that an out-of-court refinancing of its existing indebtedness would not be feasible, and as such, opted to pursue a comprehensive restructuring in

accordance to a prepackaged chapter 11 plan (the “**Restructuring Transactions**”). The Restructuring Transactions aim to significantly deleverage the Company’s balance sheet, reduce funded indebtedness, reduce annual cash interest expenses, and position the reorganized Debtors for long-term growth.

67. For the reasons set out in this Pre-Filing Report, the Proposed Information Officer supports the relief sought by the proposed Foreign Representative on the within application and respectfully recommends that the Court grant the proposed Initial Recognition Order and Supplemental Order.

The Proposed Information Officer respectfully submits to the Court this, its Pre-Filing Report. Dated this 16<sup>th</sup> day of March, 2025.

FTI Consulting Canada Inc.,

solely in its capacity as Proposed Information Officer of Mitel Networks Corporation, and not in its personal or corporate capacity.

**FTI CONSULTING CANADA INC.**



By: \_\_\_\_\_

Name: Jeffrey Rosenberg

Title: Senior Managing Director

## APPENDIX "A"

See attached.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE )  
 )  
JUSTICE CONWAY ) MONDAY, THE 10<sup>TH</sup>  
 ) DAY OF MARCH, 2025

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C 36, AS AMENDED**

**AND IN THE MATTER OF MITEL NETWORKS CORPORATION**

**APPLICATION OF MITEL NETWORKS CORPORATION UNDER  
SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

Applicant

**INTERIM STAY ORDER  
(FOREIGN PROCEEDING)**

**THIS APPLICATION**, made pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, by Mitel Networks Corporation ("MNC"), in its capacity as the proposed foreign representative (in such capacity, the "**Proposed Foreign Representative**") in respect of the proceedings commenced on March 10, 2025, in the United States Bankruptcy Court for the Southern District of Texas (Houston Division) pursuant to chapter 11 of title 11 of the United States Code (the "**Foreign Proceeding**"), for an Order substantially in the form enclosed in the Application Record of MNC, was heard this day by videoconference in Toronto, Ontario.

**ON READING** the Notice of Application, the affidavit of Janine Yetter sworn March 10, 2025 (the "**Yetter Affidavit**") and the Affidavit of Andrew Harmes sworn March 10, 2025.

**AND ON HEARING** the submissions of counsel for the Proposed Foreign Representative, counsel for FTI Consulting Canada Inc., in its capacity as the proposed

information officer (the “**Proposed Information Officer**”), and counsel for such other parties as were present and wished to be heard:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **STAY OF PROCEEDINGS**

2. **THIS COURT ORDERS** that until such date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**”) shall be commenced or continued against or in respect of MNC or affecting its business (the “**Business**”) or its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”), except with the written consent of MNC, or with leave of this Court, and any and all Proceedings currently under way against or in respect of MNC, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

3. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities or person (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of MNC, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of MNC, or with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies in the Foreign Proceeding, (ii) empower MNC to carry on any business in Canada which MNC is not lawfully entitled to carry on, (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

4. **THIS COURT ORDERS** that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by MNC and affecting the Business or Property in Canada, except with the written consent of MNC, or with leave of this Court.

#### **ADDITIONAL PROTECTIONS**

5. **THIS COURT ORDERS** that, during the Stay Period, all Persons having oral or written agreements with MNC or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation, all licencing arrangements, manufacturing arrangements, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of MNC, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by MNC, and that MNC shall be entitled to the continued use in Canada of its current premises, bank accounts, telephone numbers, facsimile numbers, internet addresses and domain names.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

6. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of MNC with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of MNC whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

## **NO SALE OF PROPERTY**

7. **THIS COURT ORDERS** that, except with the leave of this Court, MNC is prohibited from selling or otherwise disposing of:

- (a) outside the ordinary course of its Business, any of its Property in Canada that relates to the Business; and
- (b) any of its other Property in Canada.

## **SERVICE AND NOTICE**

8. **THIS COURT ORDERS** that The Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure*, service of documents in accordance with the Protocol will be effective on transmission.

9. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, MNC, the Proposed Information Officer, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic transmission to MNC’s creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown on the records of MNC and that any such service or distribution shall be deemed to be received (a) in the case of delivery by personal delivery, facsimile or electronic transmission, on the date of delivery or transmission, (b) in the case of delivery by prepaid ordinary mail, on the third business day after mailing, and (c) in the case of delivery by courier, on the next business day following the date of forwarding thereof. For greater certainty, any such distribution or service by electronic transmission shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within

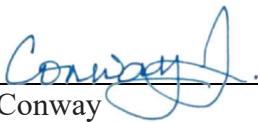
the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

**GENERAL**

10. **THIS COURT ORDERS** that any party may, from time to time, apply to this Court for such further or other relief as it may advise, including for directions in respect of this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, or regulatory or administrative body having jurisdiction in Canada, the United States of America or any other foreign jurisdiction, to give effect to this Order and to assist MNC and its counsel and agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to MNC as may be necessary or desirable to give effect to this Order, or to assist MNC and its agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that this Order shall be effective as of the time of the filing of the Petition (as defined in the Yetter Affidavit) in respect of MNC without the need for entry or filing of this Order.

  
Justice Conway



**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**  
**AND IN THE MATTER OF MITEL NETWORKS CORPORATION**  
**APPLICATION OF MITEL NETWORKS CORPORATION UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

Applicant

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**INTERIM STAY ORDER**  
**(FOREIGN PROCEEDING)**

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Lawyers for the Applicant

## **APPENDIX “B”**

See attached.

Court File No. \_\_\_\_\_

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE  
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 36, AS AMENDED**

**AND IN THE MATTER OF MITEL NETWORKS CORPORATION**

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THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C- 36, AS  
AMENDED**

Applicant

**CONSENT TO ACT AS INFORMATION OFFICER**

**FTI CONSULTING CANADA INC.** hereby consents to act as the information officer in the above noted proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, subject to and in accordance with the terms of the form of Supplemental Order (Foreign Main Proceedings) to be filed in respect of same.

Dated at Toronto, Ontario this 3<sup>RD</sup> day of March, 2025.

**FTI CONSULTING CANADA INC.**

Per:

  
Name: **JEFFREY ROSENBERG**  
Title: **SENIOR MANAGING DIRECTOR**

Court File No. \_\_\_\_\_

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF MITEL NETWORKS CORPORATION  
APPLICATION OF MITEL NETWORKS CORPORATION UNDER SECTION 46 OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

**CONSENT TO ACT AS  
INFORMATION OFFICER**

[Counsel]

[Counsel contact]

Tel:

Fax:

Lawyers for FTI Consulting Canada Inc., in its  
capacity as proposed Information Officer

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF MITEL NETWORKS CORPORATION

APPLICATION OF MITEL NETWORKS CORPORATION UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**PRE-FILING REPORT OF THE PROPOSED**  
**INFORMATION OFFICER**

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Lawyers for FTI Consulting Canada Inc., solely in its capacity as the proposed Information Officer and not in its personal or corporate capacity