

INTER TEL INC
Form 3
June 16, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| Â Vector Capital CORP | | (Month/Day/Year) | INTER TEL INC [INTL] | |
| (Last) | (First) | (Middle) | 06/14/2006 | |
| 456 MONTGOMERY STREET, 19TH FLOOR | | | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| (Street) | | | (Check all applicable) | |
| SAN FRANCISCO,Â CAÂ 94104 | | | <input type="checkbox"/> Director | <input type="checkbox"/> 10% Owner |
| (City) | (State) | (Zip) | <input type="checkbox"/> Officer | <input checked="" type="checkbox"/> Other |
| | | | (give title below) | (specify below) |
| | | | See Note 1 below. | |
| | | | | 6. Individual or Joint/Group Filing(Check Applicable Line) |
| | | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person |
| | | | | <input type="checkbox"/> Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Beneficially Owned

| | | | |
|---------------------------------|---|--|---|
| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| | | | | | |
|--|--|---|--|--|---|
| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | |

(Instr. 5)

| | | | | | | | |
|---|-------|-------|-----------------|-----------|--------|---|---|
| Profit Sharing Agreement (1) (2) (3) | Â (4) | Â (5) | Common Stock | 5,179,498 | \$ (3) | D | Â |
|---|-------|-------|-----------------|-----------|--------|---|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------------------|
| | Director | 10% Owner | Officer | Other |
| Vector Capital CORP 456 MONTGOMERY STREET, 19TH FLOOR SAN FRANCISCO, CA 94104 | Â | Â | Â | See Note 1 below. |

Signatures

Christopher
Nicholson

06/14/2006

__Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- In a Schedule 13D, Amendment No. 4, filed with the Securities and Exchange Commission on May 18, 2006, the reporting person affirmed membership in a "group" for purposes of Sections 13(d) and 13(g) of the Securities Exchange Act of 1934, as amended, with Steven G. Mihaylo ("Mr. Mihaylo"), but disclaimed beneficial ownership of the 5,179,498 shares of the issuer's common stock beneficially owned by Mr. Mihaylo. Mr. Mihaylo is a director of the issuer and the beneficial owner of more than 10% of the outstanding shares of common stock of the issuer. In filing this Form 3, the reporting person disclaims beneficial ownership of such shares beneficially owned by Mr. Mihaylo.
- (1) One profit sharing agreement with respect to 5,179,498 shares of common stock of the issuer. See Note 3 below.
On May 18, 2006, the reporting person entered into a memorandum of understanding (the "MOU") with Mr. Mihaylo and a wholly owned affiliate of Mr. Mihaylo, pursuant to which, if, after Mr. Mihaylo (or such wholly owned affiliate) and the reporting person extend a proposal to jointly acquire the issuer, Mr. Mihaylo chooses to sell or vote his shares within 12 months of the termination of the MOU in favor of another change of control transaction (the "Other Transaction"), Mr. Mihaylo (or such wholly owned affiliate) shall pay to the reporting person, either in cash or in the form of consideration received by Mr. Mihaylo for his shares of the issuer's common stock in such Other Transaction, a specified amount as "overbid protection" in accordance with the formula set forth in the MOU.
The amount of "overbid protection" (if any) is payable to the reporting person upon the receipt by Mr. Mihaylo of consideration in such Other Transaction. On June 14, 2006, INTL Acquisition Corp. ("IAC"), an entity jointly formed by the reporting person and an affiliate of Mr. Mihaylo, made an offer to acquire for cash all of the outstanding shares of common stock of the issuer, other than shares beneficially owned by IAC.
 - (2) Twelve months following the termination of the MOU.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.