

04-10-2000



101312809

3.6.00

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type		Conveyance Type	
<input checked="" type="checkbox"/> New	<input type="checkbox"/> Resubmission (Non-Recordation) Document ID # _____	<input checked="" type="checkbox"/> Assignment	<input type="checkbox"/> License
<input type="checkbox"/> Correction of PTO Error Reel # _____ Frame # _____	<input type="checkbox"/> Corrective Document Reel # _____ Frame # _____	<input type="checkbox"/> Security Agreement	<input type="checkbox"/> Nunc Pro Tunc Assignment Effective Date Month Day Year _____
		<input type="checkbox"/> Merger	
		<input type="checkbox"/> Change of Name	
		<input type="checkbox"/> Other _____	

Conveying Party Mark if additional names of conveying parties attached

Name EXECUTONE Information Systems, Inc. Execution Date 10171999
Month Day Year

Formerly _____

Individual General Partnership Limited Partnership Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Virginia

Receiving Party Mark if additional names of receiving parties attached

Name Executone Inter-Tel Business Information Systems, Inc.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 120 North 44th Street, Suite 200

Address (line 2) _____

Address (line 3) Phoenix AZ/USA 85034
City State/Country Zip Code

Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Arizona

04/07/2000 JSHWBAZZ 00000284 75393545

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 325.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

REEL: 002048 FRAME: 0710

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Stephen P. Demm
Name of Person Signing

Stephen P. Demm
Signature

March 1, 2000
Date Signed

**RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY**

FORM PTO-1618C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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Trademark Application Number(s)

Registration Number(s)

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**COMPUTER TELEPHONY
ASSET PURCHASE AGREEMENT**

By and Among

EXECUTONE INFORMATION SYSTEMS, INC.,

INTER-TEL, INCORPORATED

and

EXECUTONE INTER-TEL BUSINESS INFORMATION SYSTEMS, INC.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, made as of October 17, 1999, by and between EXECUTONE Information Systems, Inc., a Virginia corporation ("Seller"), Inter-Tel, Incorporated, an Arizona corporation ("Parent"), and Executone Inter-Tel Business Information Systems, Inc. an Arizona corporation and a wholly-owned subsidiary of Parent ("Buyer"), provides as follows:

RECITALS

WHEREAS, one of the businesses engaged in by Seller is the Computer Telephony Business as defined herein.

WHEREAS, Seller desires to sell certain of its assets and be relieved of certain of its liabilities that are employed by Seller in operating the Computer Telephony Business, and Buyer desires to purchase those assets and assume those liabilities.

NOW, THEREFORE, in consideration of the Recitals and of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that:

ARTICLE I DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.01 Accounts

"Accounts" shall mean all accounts receivable, notes receivable and associated rights (including, without limitation, amounts due from vendors, all security deposits, letters of credit and security interests in collateral) and all related reserves arising from the sale of goods and services of the Computer Telephony Business and outstanding as of the Effective Time, including the Accounts to be listed on Schedule 1.01 hereto, as well as all other Accounts not

1.74 Person.

“Person” shall mean any individual, corporation, proprietorship, partnership, limited liability company, trust or other legal entity.

1.75 Poway Facility.

“Poway Facility” shall mean the Seller’s manufacturing plant located in Poway, California.

1.76 Premises.

“Premises” shall mean the real property and improvements owned or leased by Seller and used in the operation of the Computer Telephony Business, as described on Schedule 1.76 hereto.

1.77 Prepaid Assets.

“Prepaid Assets” shall mean all prepaid expenses and deposits of Seller used in the operation of the Computer Telephony Business, excluding the Excluded Prepaid Assets.

1.78 Purchase Price.

“Purchase Price” shall mean \$44,300,000, subject to Adjustment as set forth in Section 2.04.

1.79 Purchased Assets.

“Purchased Assets” shall mean all of the assets used in or necessary to the operation of the Computer Telephony Business, including but not limited to:

- (a) the Accounts;
- (b) the Assumed Leases;
- (c) the Books and Records;
- (d) the Computer Assets;
- (e) the Contracts;

- (f) the Customer List;
- (g) the Fixtures and Equipment;
- (h) the Healthcare Services Assets;
- (i) the Inventory;
- (j) the Permits;
- (k) the Prepaid Assets;
- (l) the Transferred Intellectual Property Rights;
- (m) the Transferred Technology; and
- (n) ECS Shares,

but shall specifically exclude the Excluded Assets.

1.80 Required Consents.

“Required Consents” shall mean the consents required to be obtained to permit the transfer of the Purchased Assets and the assignment of the Assumed Liabilities pursuant to this Agreement, as set forth on Schedules 3.04(b) and 4.03 hereto.

1.81 Retained Debt.

“Retained Debt” shall mean long-term debt, other long-term liabilities and current portion of long-term debt, as each is reflected in the Interim Financial Statements.

1.82 Retained Liabilities.

“Retained Liabilities” shall mean:

- (a) the liabilities listed on Schedule 1.82 hereto; and
- (b) any other liabilities of Seller that are not Assumed Liabilities, including,

without limitation, the following:

- (i) any liability or obligation of Seller for Taxes for any taxable period

(except with respect to property Taxes, which will be treated in accordance with Section 2.02)

1.92 Technology.

"Technology" shall mean any or all of the following: (i) works of authorship including, without limitation, computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, designs, files, net lists, records, data and mask works; (ii) inventions (whether or not patentable), improvements, and technology; (iii) proprietary and confidential information, including technical data and customer and supplier lists, trade secrets and know how; (iv) databases, data compilations and collections and technical data; (v) tools, methods and processes; and all instantiations of the foregoing in any form and embodied in any media.

1.93 Trademark License Agreement.

"Trademark License Agreement" shall mean the trademark license agreement entered into between Buyer and Seller in substantially the form of Exhibit E hereto.

1.94 Transferred Employees.

"Transferred Employees" shall have the meaning assigned to it in Section 6.07

1.95 Transferred Intellectual Property Rights.

"Transferred Intellectual Property Rights" shall mean all Intellectual Property Rights that are embodied in the Transferred Technology and are used in the Computer Telephony Business by Purchaser related to the Transferred Technology, including without limitations all Intellectual Property Rights in Licensed Trademarks and those Intellectual Property Rights described on Schedule 1.95

1.96 Transferred Technology.

"Transferred Technology" shall mean all of the following: (i) Computer Telephony Products in both Source Code and Object Code format and any other format; (ii) Computer Assets; (iii) all other Technology used in the operation of the Computer Telephony

Business by Seller including the Technology listed in Schedule 1.95. Transferred Technology shall specifically exclude the Technology used in or otherwise related to the eLottery Business to be set forth in Schedule 1.24(a).

1.97 TRP Liabilities

"TRP Liabilities" shall mean any and all obligations arising out of or in connection with Seller's Transition and Retention Plan as listed on Schedule 1.27, whether in the form of stock loan guarantees, unpaid Loan Balances, Retention Payments or Separation Payments (as those terms are defined in the Transition and Retention Plan) or otherwise, with the exception of any liabilities arising from obligations of Stan Kabala and Ted Stone to Seller.

1.98 Year-End Financial Statements

"Year-End Financial Statements" shall mean the (i) balance sheets of the Computer Telephony Business as of December 31, 1998 and 1997, (ii) statements of cash flows of the Computer Telephony Business for the years ended December 31, 1998 and 1997 and (iii) income statements of the Computer Telephony Business for the years ended December 31, 1998 and 1997, listed on Schedule 1.98 hereto.

1.99 Year 2000 Compliant

"Year 2000 Compliant" shall have the meaning assigned to it in Section 3.26(a).

ARTICLE II
PURCHASE AND SALE; ASSIGNMENT AND ASSUMPTION

2.01 Sale of Purchased Assets

(a) At the Closing, Seller shall sell, convey, transfer, assign and deliver to Buyer the Purchased Assets, free and clear of all Liens, except for Permitted Liens. Seller will execute and deliver the Bill of Sale and such other documents of transfer and assignment as may be necessary to consummate the foregoing.

IN WITNESS WHEREOF, each party has caused this Purchase Agreement to be duly executed in its name by its duly authorized officer as of the day and year first above written

SELLER:

EXECUTONE INFORMATION SYSTEMS, INC.

By: *S J Kabala*
Name *Stanley J. Kabala*
Title: *Chairman, President and Chief Executive Officer*

BUYER:

EXECUTONE INTER-TEL BUSINESS INFORMATION SYSTEMS, INC.

By: *Norman Stout*
Name: *Norman Stout*
Title:

PARENT:

INTER-TEL, INCORPORATED

By: *Norman Stout*
Name: *Norman Stout*
Title: *Executive Vice President and Chief Administrative Officer*

SCHEDULE 1.95 TRANSFERRED INTELLECTUAL PROPERTY RIGHTS AND TRANSFERRED TECHNOLOGY

1. All copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith relating to the Computer Telephony Products;
2. All trade secrets and confidential business information (including ideas, research and development, know-how, compositions, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and market plans and proposals); all computer software and source code (including hard copy and soft copy as well as all data and related documentation); all financial models, all accounting systems, and all other intellectual or industrial property used in or otherwise related to the Computer Telephony Business;
3. The domain name "executone.com."
4. Licensed software, trademarks and other intellectual property licensed to Seller pursuant to the Contracts; and
5. All patents, patent applications, trademarks and service marks and applications for the registration thereof, owned by Seller as listed below:

ISSUED PATENTS

SUBJECT VOICE PROCESSING SYSTEM

NAMES SHUR; MCPHILLIPS

PATENT # U.S. Patent No. 5,461,665

DATE ISSUED 10/24/95

SUBJECT APPARATUS AND METHOD FOR CONNECTING TELEPHONE
SWITCHING DEVICES(DIALER BLOCK)

NAMES VOLPE

PATENT # U. S. Patent No. 5,412,715

DATE ISSUED 5/2/95

SUBJECT DIALER BLOCK

NAMES VOLPE
PATENT # CANADA 2,123,759
DATE ISSUED 5/17/94

SUBJECT PREDICTIVE CALL DIALING

NAMES RAMOT; CHEN; HENKIN;
PATENT # U.S. Patent No. 5,341,412
DATE ISSUED 8/23/94

SUBJECT APP & METHOD FOR DYNAMIC INBOUND/OUTBOUND
CALL MANAGEMENT & FOR SCHEDULING
APPOINTMENTS

NAMES RAMOT; BLAMEY
PATENT # U.S. Patent No. 5,815,566
DATE ISSUED 9/2/98

SUBJECT MUSIC ON HOLD FOR KEY SYSTEMS

NAMES HESTAD
PATENT # U.S. Patent No. 4,588,865
DATE ISSUED 5/13/86

SUBJECT CALL DISTRIBUTION SUPERVISING SYSTEM

NAMES CLARE; SUNDBY
PATENT # U.S. Patent No. 5,465,286
DATE ISSUED 11/7/95

SUBJECT SIGNAL LEVEL EXPANSION APPARATUS AS FOR A

TELECOMMUNICATIONS SYSTEM

NAMES MILOVANCEVIC
 PATENT # U.S. Patent No. 4,977,590
 DATE ISSUED 12/11/90

SUBJECT TRANSACTION PROCESSING SYSTEM AND METHOD

NAMES HAIGH
 PATENT # U.S. Patent No. 5,793,861
 DATE ISSUED 8/11/98

SUBJECT A TELEPHONE COMMUNICATION SYSTEM HAVING A LOCATOR

NAMES YACENDA, CHACO, RAM
 PATENT # Australian Patent No. 708573
 DATE ISSUED 6/17/99

PATENT APPLICATIONS

438-19 CIP/PCT	08/123,309	RAMOT;BLAM EY	APP. FOR DYNAMIC INBOUND/OUTBND & SCHEDULING	9/16/94
438-19 CIP/PCT/ Canada	PCT/US94/1051 6	RAMOT;BLAM EY	APP. FOR DYNAMIC INBOUND/OUTBND & SCHEDULING	3/15/96
438-28 PCT	08/248,260	CLARE; SUNDBY	APP. FOR SUPERVISING AN AUTOMATIC CALL DISTRIBUTION TELEPHONE SYSTEM	5/23/95
438-28 PCT EPO	95920598	CLARE; SUNDBY	AUTOMATIC CALL DISTRIBUTION	5/12/97
438 - 28 PCT Australia	26000/95	CLARE; SUNDBY	APPARATUS FOR SUPERVISING AN AUTOMATIC CALL DISTRIBUTION TELEPHONE SYSTEM	5/23/95
438-28 PCT Japan	Japanese PA # 500984/1996 (based upon Int'l appl # PCT/US95/0644	CLARE, SUNDBY	APP. FOR SUPERVISING AN AUTOMATIC CALL DISTRIBUTION TELEPHONE SYSTEM	12/12/96
438-59	U.S. Patent Appln. Serial No. 09/046,913	HERSH	METHOD FOR INTEGRATING A VOICE MESSAGING FUNCTION CARD OVER A PUBLIC BRANCH EXCHANGE BACKPLANE	3/24/98

TRADEMARKS AND TRADEMARK APPLICATIONS

TRADEMARKS	ISSUE OR FILING DATE	REGISTRATION #	APPLICATION #	RENEWAL DATE
ECLIPSE				
U.S.	11/25/98		75/595,545	
ENCORE				
CANADA	2/1/91	379,042		2/1/06
U.S.	3/15/88	1,480,499		3/15/08
ENCORE CX				
U.S.	7/27/93	1,783,877		7/27/03
ENTERPRISE				
U.S.	10/29/85	1,376,351		10/29/05
EQUITY				
CANADA	11/4/88	347,483		11/4/03
U.S.	6/24/80	1,137,273		12/24/99
EXECUTONE				
CANADA	7/10/89	114,667		7/10/04
CANADA	11/13/87	334,126		11/13/02
DENMARK	9/10/60	2172/60		9/10/00
ECUADOR	6/9/86	364-86		
GERMANY	7/24/84	1,076,830		7/24/04
ITALY	4/11/90	00598696		4/11/00
JAPAN	11/29/96	2718117		11/29/06
NORWAY	4/7/90	55,858		4/7/00
PUERTO RICO	12/19/90	29,756		12/19/00
SPAIN	3/7/90	1,553,895		3/7/00
SWEDEN	12/30/60	91,197		12/30/00
SWITZERLAND	7/26/58	295,625		7/26/08
SWITZERLAND	4/30/90	295,628		7/26/98
U.K.	8/27/58	781,265		8/27/03
U.S.	8/4/59	682,812		8/4/99
U.S.	8/31/93	1,790,882		8/31/03
U.S.	8/11/59	683,296		
U.S.	1/19/60	691,692		1/19/00
U.S.	10/29/85	1,367,398		10/29/05
VENEZUELA	10/2/85	115,121F		10/2/00
IDS	No registration applied for			
INFOSTAR & Design				
U.S.	3/1/94	1,824,131		3/1/04
ISOETEC				
CANADA	3/29/91	382,443		3/29/06

JPK

GERMANY	2/6/90	E20936619WZ		
ITALY	4/11/90	00598691		4/11/00
JAPAN	2/21/90		18874/90	
PUERTO RICO	4/11/90	29,580		4/11/00
SWITZERLAND	2/20/90	380,184		2/20/10
U.K.	1/22/90		1411779	
U.S.	7/22/86	1,401,975		7/22/06
MEDLEY				
U.S.	7/21/98	2,175,073		7/21/03
NSS				
ULTIMATE OPERATOR				
U.S.	4/21/97		75/278106	