



Tab settings

To the Honorable Commissioner of Patents

101456929

attached original documents or copy thereof.

1. Name of conveying party(ies): Luig. 15-00
Telecom Multimedia Systems, Inc.

- Individual(s)
- General Partnership
- Corporation-State CA
- Other

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Inter-Tel, Inc.

Internal Address: _____

Street Address: 120 N. 44th Street

City: Phoenix State: AZ ZIP: 85034

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State AZ
- Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 5/11/98

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,095,043 - LEPTON
2,097,513 - CLEARCONNECT

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: LaValle Ptak

Internal Address: Law Office of LaValle Ptak

Street Address: 28435 N. 42nd St.,

Ste. B

City: Cave Creek State: AZ ZIP: 85331

09/13/2000 DNGUYEN 00000311 2095043

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....\$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

01 FC:481 40.00 OP
02 FC:482 25.00 OP

9. 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.

LaValle D. Ptak
Name of Person Signing

Signature

8/11/00
Date

Total number of pages including cover sheet, attachments, and document: 25

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

TRADEMARK
REEL: 002135 FRAME: 0517

ASSET PURCHASE AGREEMENT

by and among

INTER-TEL, INCORPORATED

TELECOM MULTIMEDIA SYSTEMS, INC.,

STM WIRELESS, INC.,

RAMIN SADR AND

FARSHAD MESHKINPOUR

Dated as of May 11, 1998

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made as of May 11, 1998, by and among Inter-Tel, Incorporated, an Arizona corporation ("Buyer"), Telecom Multimedia Systems, Inc., a California corporation (the "Company"), STM Wireless, Inc. a Delaware corporation and a shareholder of the Company ("Parent"), Ramin Sadr, an individual resident in California and a shareholder of the Company ("Sadr"), and Farshad Meshkinpour, an individual resident in California and a shareholder of the Company ("Meshkinpour" and collectively with Parent and Sadr, "Shareholders").

RECITALS

1. Shareholders and the Company desire to sell, and Buyer desires to purchase, certain assets (and assume certain liabilities) of the Company, for the consideration and on the terms set forth in this Agreement.

2. As of the date of this Agreement, Parent owns 80% of the outstanding Shares (as defined below) of the Company, Sadr owns 13% of the Shares of the Company and Meshkinpour owns 7% of the Shares of the Company.

3. The Company and Shareholders desire to enter into this Agreement for the purpose of setting forth certain representations, warranties, covenants and other obligations made in connection with the purchase and sale of the Acquired Assets (as defined below) and the Assumption of the Assumed Liabilities (as defined below).

4. In connection with and as a condition subsequent to the execution and delivery of this Agreement, as a condition precedent to the Closing (as defined below), and in consideration of the respective obligations of the parties set forth in this Agreement and the Contemplated Transactions (as defined below), Parent, Meshkinpour and Sadr shall, immediately prior to the consummation of the purchase and sale of the Acquired Assets and Assumed Liabilities contemplated hereby, enter into and consummate a Share Purchase Agreement, pursuant to which Parent shall purchase all of the Shares held by Sadr and Meshkinpour.

AGREEMENT

The parties, in consideration of the premises, the mutual representations, warranties, covenants, obligations and agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

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TRADEMARK
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"Acquired Assets" means all right, title, and interest in and to all of the assets of the Acquired Companies, including all of their (a) real property, leaseholds and subleaseholds therein, improvements, fixtures, and fittings thereon, and easements, rights-of-way, and other appurtenants thereto (such as appurtenant rights in and to public streets), (b) tangible personal property (such as machinery, equipment, inventories of raw materials and supplies, manufactured and purchased parts, goods in process and finished goods, computers and other office equipment, furniture, automobiles, trucks, tractors, trailers, tools, jigs, and dies), (c) Intellectual Property Assets (including without limitation all rights and obligations under the Named Contracts), goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions, (d) leases, subleases, and rights thereunder, (e) agreements, contracts, indentures, mortgages, instruments, Encumbrances, guaranties, other similar arrangements, and rights thereunder, (f) accounts, notes, and other receivables, (g) securities (such as the capital stock in its Subsidiaries), (h) claims, deposits, prepayments, refunds, causes of action, chooses in action, rights of recovery, rights of set off, and rights of recoupment (excluding any such item relating to Taxes), (i) franchises, approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies, (j) books, records, ledgers, files, documents, correspondence, lists, customer lists, plats, architectural plans, drawings, and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials, and (k) Cash (other than Cash resulting from accounts receivable reflected on the Interim Balance Sheet); provided, however, that the Acquired Assets shall not include (i) the corporate charter, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates, and other documents relating to the organization, maintenance, and existence of the Company as a corporation or (ii) any of the rights of the Company under this Agreement (or under any side agreement between the Company on the one hand and the Buyer on the other hand entered into on or after the date of this Agreement) or (iii) any Excluded Asset.

"Acquired Companies" —the Company and its Subsidiaries, collectively.

"Applicable Contract" —any Contract (a) under which any Acquired Company has or may acquire any rights, (b) under which any Acquired Company has or may become subject to any obligation or liability, or (c) by which any Acquired Company or any of the assets owned or used by it is or may become bound.

"Assumed Liabilities" means (a) all obligations of the Company pursuant to the agreements, contracts, leases, licenses, and other arrangements referred to in the definition of Acquired Assets, and (b) all other Liabilities and obligations of the Company set forth in an appendix to the Disclosure Schedule under an express statement (that the Buyer has initialed) to the effect that the definition of Assumed Liabilities will include the Liabilities and obligations so disclosed; provided, however, that the Assumed Liabilities shall not include (i) any Liability of the Company for Taxes, including for this purpose sales, use or similar transfer Taxes, if any, attributable to this transaction, (ii) any Liability of the Company for the unpaid Taxes of any Person under Reg. §1.1502-6 (or any similar

provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise, (iii) any obligation of the Company to indemnify any Person by reason of the fact that such Person was a director, officer, employee, or agent of any of the Company or its Subsidiaries or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise), (iv) any Liability of the Company for costs and expenses incurred in connection with this Agreement and the Contemplated Transactions, (v) any Liability or obligation of the Company pursuant to this Agreement (or pursuant to any side agreement between the Company on the one hand and the Buyer on the other hand entered into on or after the date of this Agreement), or (vi) any Liability of any Acquired Company to the Parent or the Key Executives (other than as set forth on the Interim Balance Sheet).

“Assumed Options” —the Options assumed by Buyer pursuant to Section 2.6 and the Substitution Agreements.

“Balance Sheet” —as defined in Section 3.4.

“Best Efforts” —the commercially reasonable efforts that a prudent Person desirous of achieving a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that an obligation to use Best Efforts under this Agreement does not require the Person subject to that obligation to take actions that would result in a materially adverse change in the benefits to such Person of this Agreement and the Contemplated Transactions.

“Breach” —a “Breach” of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant to this Agreement will be deemed to have occurred if there is or has been (a) any inaccuracy in or breach of, or any failure to perform or comply with, such representation, warranty, covenant, obligation, or other provision, or (b) any claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision, and the term “Breach” means any such inaccuracy, breach, failure, claim, occurrence, or circumstance.

“Buyer” —as defined in the first paragraph of this Agreement.

“Buyer Common Stock” —the Common Stock, no par value, of Buyer.

“Cash” means cash and cash equivalents (including marketable securities and short term investments) calculated in accordance with GAAP.

“Cash-Out Options” —all Options that are not Assumed Options.

“Cash-Out Option Amount” — \$555,560.

“Closing” —as defined in Section 2.4.

“Closing Date” —the date and time as of which the Closing actually takes place.

“Code” —the Internal Revenue Code of 1986, as amended

“Company” —as defined in the first paragraph of this Agreement.

“Company Employee Plan” —any plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether written or unwritten or otherwise, funded or unfunded, including without limitation, each “employee benefit plan,” within the meaning of Section 3(3) of ERISA which is or has been maintained, contributed to, or required to be contributed to, by each Acquired Company or any Affiliate (as defined in Section 3.13) for the benefit of any Employee.

“Consent” —any approval, assignment of rights or obligations, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

“Contemplated Transactions” —all of the transactions contemplated by this Agreement, including:

(a) the sale of the Acquired Assets by the Company to Buyer and Buyer’s acquisition and ownership of the Acquired Assets and exercise of control over the Acquired Assets;

(b) the execution, delivery, and performance of the Employment Agreements, the Releases and the Escrow Agreement;

(c) the performance by Buyer, the Company and Shareholders of their respective covenants and obligations under this Agreement.

“Contract” —any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

“Damages” —as defined in Section 12.2.

“Disclosure Letter” —the disclosure letter delivered by the Company and Shareholders to Buyer concurrently with the execution and delivery of this Agreement.

“\$” and “Dollars” —United States dollars.

“Employee” —any current employee, officer, or director of each Acquired Company or any Affiliate.

“Employee Agreement” —each management, employment, severance, consulting, relocation, repatriation, expatriation, visas, work permit or similar agreement or contract between each Acquired Company or any Affiliate and any Employee or consultant.

“Employment Agreements” —Employment, Confidential Information, Invention Assignment and Arbitration Agreements, which the Buyer has entered into with each of the Key Executives and certain other former key employees or consultants of the Company.

“Encumbrance” —any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

“Environmental Laws” —as defined in Section 3.19.

“ERISA” —the Employee Retirement Income Security Act of 1974 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

“Escrow Agent” —as named in Section 2.5.

“Escrow Agreement” —as defined in Section 2.5.

“Escrow Amount” —the sum of (x) \$1,000,000 being deposited in escrow on behalf of the Parent plus (y) \$809,538 being deposited in escrow on behalf of Sadr plus (z) \$435,998 being deposited in escrow on behalf of Meshkinpour (plus any interest accrued thereon and less any funds disbursed to any Indemnified Person or Shareholder).

“Excluded Assets” —the following assets, properties and rights of the Company:

- (a) accounts receivable as of March 31, 1998; and
- (b) bank accounts in the name of Telecom Multimedia Systems, Inc.

“Facilities” —any real property, leaseholds, or other interests currently or formerly owned or operated by any Acquired Company and any buildings, plants, structures, or equipment (including motor vehicles, tank cars, and rolling stock) currently or formerly owned or operated by any Acquired Company.

“GAAP” —generally accepted United States accounting principles, applied on a basis consistent with the basis on which the Balance Sheet and the other financial statements referred to in Section 3.4 were prepared.

“Governmental Authorization” —any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

“Governmental Body” —any:

- (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature;
- (b) federal, state, local, municipal, foreign, or other government;
- (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal);
- (d) multi-national organization or body; or
- (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

“HSR Act” —the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

“Intellectual Property Assets” —as defined in Section 3.20.

“Interim Balance Sheet” —as defined in Section 3.4.

“International Employee Plan” —each Company Employee Plan that has been adopted or maintained by each Acquired Company, whether informally or formally, for the benefit of Employees outside the United States.

“Key Executives” —Ramin Sadr and Farshad Meshkinpour.

“Knowledge” —an individual or Person will be deemed to have “Knowledge” of a particular fact or other matter if:

- (a) such individual or Person is actually aware of such fact or other matter; or
- (b) a prudent individual or Person could be expected to discover or otherwise become aware of such fact or other matter in the ordinary course of conducting and managing a business enterprise.

A Person (other than an individual) will be deemed to have “Knowledge” of a particular fact or other matter if any individual who is serving as a director, officer, partner, executor, or trustee of

such Person (or in any similar capacity) has, or at any time had, Knowledge of such fact or other matter.

“Legal Requirement” —any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

“Liability” —any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

“Named Contracts” —the License Agreement dated December 1, 1995 by and between Parent and AT&T Corp.; the Patent License Agreement dated March 24, 1996 by and between the Company and Nippon Telegraph and Telephone Corporation; the License Agreement dated June 1, 1996 by and between the Company and France Telecom; and the License Agreement by and between the Company and Sipro Lab Telecom, Inc.

“Net Acquisition Amount” — \$23,765,288.

“Net Assumed Option Amount” — \$450,296.

“Options” —all options or rights to purchase shares of capital stock of the Company.

“Order” —any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

“Ordinary Course of Business” —an action taken by a Person will be deemed to have been taken in the “Ordinary Course of Business” only if:

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the operations of such Person; and

(b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and is not required to be specifically authorized by the parent company (if any) of such Person.

“Organizational Documents” —(a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (d) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (e) any amendment to any of the foregoing.

“Person”—any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

“Proceeding”—any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Related Person”—with respect to a particular individual:

- (a) each other member of such individual’s Family;
- (b) any Person that is directly or indirectly controlled by such individual or one or more members of such individual’s Family;
- (c) any Person in which such individual or members of such individual’s Family hold (individually or in the aggregate) a Material Interest; and
- (d) any Person with respect to which such individual or one or more members of such individual’s Family serves as a director, officer, partner, executor, or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

- (a) any Person who beneficially owns, directly or indirectly, five percent (5%) of the issued and outstanding equity securities or equity interests in the specified Person;
- (b) any Person who beneficially owns, directly or indirectly, five percent (5%) of voting securities or other voting interests in the specified Person;
- (c) any Person who has the right to designate a director in the specified Person;
- (d) any Person who has the right to appoint the chief executive officer of the specified Person;
- (e) any entity in which a Related Person owns twenty-five percent (25%) or more of the issued and outstanding equity securities or equity interests in such entity;”
- (f) each Person that serves as a director, officer, partner, executor, or trustee of such specified Person (or in a similar capacity);
- (g) any Person in which such specified Person holds a Material Interest;

(h) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and

(i) any Related Person of any individual described in clause (b) or (c).

For purposes of this definition, (a) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse, (iii) any other natural person who is related to the individual or the individual's spouse within the second degree, and (iv) any other natural person who resides with such individual, and (b) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act")) of voting securities or other voting interests representing at least 5% of the outstanding voting power of a Person or equity securities or other equity interests representing at least 5% of the outstanding equity securities or equity interests in a Person.

"Releases" —as defined in Section 2.5.

"Representative" —with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Securities Act" —the Securities Act of 1933 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Shares" —the issued and outstanding shares of capital stock of the Company.

"Share Purchase Agreement" —that certain Share Purchase Agreement to be entered into among Parent, Sadr and Meshkinpour and pursuant to which Parent shall acquire 100% of the Shares immediately prior to the Closing.

"Subsidiary" —with respect to any Person (the "Owner"), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries; when used without reference to a particular Person, "Subsidiary" means a Subsidiary of the Company.

"Tax" or "Taxes" —includes any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" —any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

"Threatened" —a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing) that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

2. Sale and Transfer of Acquired Assets: Closing.

2.1 Purchase and Sale of Assets. Subject to the terms and conditions of this Agreement, at the Closing, Buyer will purchase from the Company, and the Company will sell, transfer, convey and deliver to Buyer, all of the Acquired Assets at the Closing for the consideration specified below in this Section 2.

2.2 Assumption of Liabilities. Subject to the terms and conditions of this Agreement, Buyer agrees to assume and become responsible for all of the Assumed Liabilities at the Closing. The Buyer will not assume or have any responsibility whatsoever with respect to any other obligation or Liability of the Company not included within the definition of Assumed Liabilities.

2.3 Purchase Price. The aggregate purchase price (the "Purchase Price") for the Shares will be equal to the Net Acquisition Amount.

2.4 Closing. The purchase and sale (the "Closing") provided for in this Agreement will take place at the offices of Buyer's counsel at Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, California, at 10:00 a.m. (local time) on the later of (i) May 29, 1998 or (ii) the date that is two business days following the termination of the applicable waiting period under the HSR Act, or at such other time and place as the parties may agree. Subject to the provisions of Section 11, failure to consummate the purchase and sale provided for in this Agreement on the date and time and at the place determined pursuant to this Section 2.4 will not result in the termination of this Agreement and will not relieve any party of any obligation under this Agreement.

2.5 Closing Obligations. At the Closing:

(a) The Company and Shareholders, as applicable, will deliver to Buyer:

(i) signed and executed bills of sale and instruments of assignment conveying the Acquired Assets, in each case in form and substance reasonably satisfactory to Buyer and its counsel;

Pages 11 - 30 deleted as irrelevant to trademark transfers

additional investigations or proceedings against the Acquired Companies regarding violations or alleged violations of Environmental Laws.

(b) The Acquired Companies have not transported, used, stored, manufactured, released, disposed of or exposed employees who have worked at the Acquired Companies to any material which is regulated by any governmental authority because it is toxic, radioactive or otherwise a danger to health and the environment in violation of any Environmental Laws.

(c) There are and have been no citations or decisions by any Governmental Body that any product manufactured, marketed or distributed at any time by the Acquired Companies ("Product") is defective or fails to meet any standards promulgated by any such governmental or regulatory body. Neither the Acquired Companies nor Shareholders have Knowledge of any proceeding now pending or Threatened which may result in such citation or decision. There are no existing or Threatened claims against the Acquired Companies for services or merchandise which are defective or fail to meet any service or product warranties or any defects or problems which, if discovered by a third party, would support such a claim. No claim has been asserted against the Acquired Companies for renegotiation or price redetermination of any business transaction, and other than concessions in the Ordinary Course of Business, to the Knowledge of Shareholders and the Acquired Companies, there are no facts upon which any such claim could be based. To the Knowledge of Shareholders and the Acquired Company, there is no fact relating to any Product that may impose upon the Acquired Companies a duty to warn customers of a defect in any Product, or latent or overt defect in any Product which has been or is being distributed by the Acquired Companies, which is likely to result in claims for breach of warranty with respect to such Products in excess of the warranty reserve reflected in the Financial Statements or to be reflected in the Balance Sheet. For purposes of the foregoing, with respect to a software product, a "defect" shall include, without limitation, any characteristic of the product which may, when the product is used with the computer and operating system with which the product is used, result in material undesired errors in processing or output, cessation of system function, or loss of or damage to data, whether during the operation of the product or during the operation of another program as a result of effects caused by the product.

3.20 Intellectual Property.

(a) Intellectual Property Assets—The term "Intellectual Property Assets" includes:

(i) the name Telecom Multimedia Systems, Inc., all fictional business names, trading names, registered and unregistered trademarks, service marks, and applications in which the Acquired Companies have an ownership interest or that are being used by the Acquired Companies in connection with their business as currently conducted (collectively, "Marks");

(ii) all patents, patent applications, and inventions and discoveries that may be patentable in which the Acquired Companies have an ownership interest or that are being used by the Acquired Companies in connection with their business as currently conducted (collectively, "Patents");

(iii) all copyrights in both published works and unpublished works in which the Acquired Companies have an ownership interest or that are being used by the Acquired Companies in connection with their business as currently conducted (collectively, "Copyrights");

(iv) all rights in mask works in which the Acquired Companies have an ownership interest or that are being used by the Acquired Companies in connection with their business as currently conducted (collectively, "Rights in Mask Works"); and

(v) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "Trade Secrets") owned, used, or licensed by any Acquired Company as licensee or licensor.

(b) Agreements—Part 3.20(b) of the Disclosure Letter contains a complete and accurate list of all Contracts relating to the Intellectual Property Assets to which any Acquired Company is a party or by which any Acquired Company is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than \$15,000 under which an Acquired Company is the licensee. There are no outstanding and, to Shareholders' and the Acquired Companies' Knowledge, no Threatened disputes or disagreements with respect to any such agreement.

(c) Know-How Necessary for the Business

(i) Except as set forth in Part 3.20 of the Disclosure Letter, the Intellectual Property Assets are all those necessary for the operation of the Acquired Companies' businesses as they are currently conducted. Except as set forth in Part 3.20(c) of the Disclosure Letter and for Intellectual Property Assets licensed to the Acquired Companies as described in Part 3.20(b) of the Disclosure Letter, one or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Intellectual Property Assets, free and clear of all liens, security interests, charges, Encumbrances, equities, and other adverse claims, and has the right to use without payment to a third party all of the Intellectual Property Assets.

(ii) Except as set forth in Part 3.20(c) of the Disclosure Letter, the Acquired Companies have received written Contracts that assign to one or more of the Acquired Companies all rights to any inventions, improvements, discoveries, or information relating to the business of any Acquired Company developed by former or current employees during any such employee's employment with the Acquired Companies. To the Knowledge of Shareholders and the Acquired Companies, no employee of any Acquired Company has entered into any Contract that restricts or limits in any way the scope or type of work in which the employee may be engaged or

requires the employee to transfer, assign, or disclose information concerning his work to anyone other than one or more of the Acquired Companies.

(d) Patents

(i) Part 3.20(d) of the Disclosure Letter contains a complete and accurate list and summary description of all Patents. Except as set forth in Part 3.20(d) of the Disclosure Letter, one or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Patents, free and clear of all liens, security interests, charges, Encumbrances, entities, and other adverse claims or has the right to use such Patents pursuant to a Contract set forth in Part 3.20(b) of the Disclosure Letter.

(ii) Except as set forth in Part 3.20 of the Disclosure Letter, all of the issued Patents owned by any Acquired Company are currently in compliance with formal legal requirements (including payment of filing, examination, and maintenance fees and proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(iii) Except as set forth in Part 3.20 of the Disclosure Letter, to the Knowledge of Shareholders and the Acquired Companies, no Patent has been or is now involved in any interference, reissue, reexamination, or opposition proceeding. Except as set forth in Part 3.20(d) of the Disclosure Letter, to Shareholders' and the Acquired Companies' Knowledge, there is no potentially interfering patent or patent application of any third party.

(iv) Except as set forth in Part 3.20 of the Disclosure Letter, to Shareholders' and the Acquired Companies' Knowledge, no Patent is infringed or has been challenged or Threatened in any way. Except as set forth in Part 3.20 of the Disclosure Letter, none of the products manufactured and sold, nor any process or know-how used, by any Acquired Company infringes or is alleged to infringe any patent or other proprietary right of any other Person.

(v) Except as set forth in Part 3.20 of the Disclosure Letter, all products made, used, or sold under the Patents have been marked with the proper patent notice.

(e) Trademarks

(i) Part 3.20(e) of Disclosure Letter contains a complete and accurate list and summary description of all Marks. Except as set forth in Part 3.20 of the Disclosure Letter, one or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Marks, free and clear of all liens, security interests, charges, Encumbrances, equities, and other adverse claims or has the right to use such Marks pursuant to a Contract set forth in Part 3.20(b) of the Disclosure Letter.

(ii) Except as set forth in Part 3.20 of the Disclosure Letter, all Marks owned by any Acquired Company that have been registered with the United States Patent and

Trademark Office are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the Closing Date.

(iii) Except as set forth in Part 3.20 of the Disclosure Letter, to the Knowledge of Shareholders and the Acquired Companies, no Mark has been or is now involved in any opposition, invalidation, or cancellation and, to Shareholders' and the Acquired Companies' Knowledge, no such action is Threatened with the respect to any of the Marks.

(iv) Except as set forth in Part 3.20 of the Disclosure Letter, to Shareholders' and the Acquired Companies' Knowledge, there is no potentially interfering trademark or trademark application of any third party.

(v) Except as set forth in Part 3.20 of the Disclosure Letter, to Shareholders' and the Acquired Companies' Knowledge, no Mark is infringed or has been challenged or threatened in any way. Except as set forth in Part 3.20 of the Disclosure Letter, none of the Marks used by any Acquired Company infringes or is alleged to infringe any trade name, trademark, or service mark of any third party.

(vi) Except as set forth in Part 3.20 of the Disclosure Letter, all products and materials containing a Mark bear the proper federal registration notice where permitted by law.

(f) Copyrights

(i) Part 3.20(f) of the Disclosure Letter contains a complete and accurate list and summary description of all Copyrights. Except as set forth in Part 3.20(f) of the Disclosure Letter, one or more of the Acquired Companies is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all liens, security interests, charges, Encumbrances, equities, and other adverse claims or has the right to use such Copyright pursuant to a Contract set forth in Part 3.20(b) of the Disclosure Letter.

(ii) Except as set forth in Part 3.20 of the Disclosure Letter, all the Copyrights owned by any Acquired Company are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the date of Closing.

(iii) Except as set forth in Part 3.20 of the Disclosure Letter, to Shareholders' and the Acquired Companies' Knowledge, no Copyright is infringed or has been challenged or Threatened in any way. Except as set forth in Part 3.20 of the Disclosure Letter, none of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party.

(iv) Except as set forth in Part 3.20 of the Disclosure Letter, all works encompassed by the Copyrights have been marked with the proper copyright notice to the extent required by applicable law in order to protect the rights of the Acquired Companies pursuant to such Copyrights.

(g) Trade Secrets

(i) With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual.

(ii) Shareholders and the Acquired Companies have taken all reasonable and customary precautions to protect the secrecy, confidentiality, and value of their Trade Secrets.

(iii) Except as set forth in Part 3.20 of the Disclosure Letter, one or more of the Acquired Companies has good title and an absolute (but not necessarily exclusive) right to use the Trade Secrets. Except as set forth in Part 3.20 of the Disclosure Letter, the Trade Secrets are not part of the public knowledge or literature, and, to Shareholders' and the Acquired Companies' Knowledge, have not been used, divulged, or appropriated either for the benefit of any Person (other than one or more of the Acquired Companies) or to the detriment of the Acquired Companies. No Trade Secret is subject to any adverse claim or has been challenged or, to the Knowledge of Shareholders and the Acquired Companies, Threatened in any way.

3.21 Certain Payments. Since its inception, to the Knowledge of Shareholders and the Acquired Companies, no Acquired Company or director, officer, agent, or employee of any Acquired Company, or any other Person associated with or acting for or on behalf of any Acquired Company, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of any Acquired Company or any Affiliate of an Acquired Company, or (iv) in violation of any Legal Requirement, (b) established or maintained any fund or asset that has not been recorded in the books and records of the Acquired Companies.

3.22 Year 2000 Liabilities. Except as set forth in Part 3.22 of the Disclosure Letter, none of the Acquired Companies has any accrued, contingent or other liabilities of any nature, either matured or unmatured, relating to costs associated with insuring that the computer systems, or any software utilized by the Acquired Companies or other components of the Acquired Companies' information technology infrastructure are Year 2000-compliant (whether or not required to be reflected in financial statements in accordance with GAAP, and whether due or to become due), except for: (a) liabilities identified as such in the "liabilities" column of the Interim Balance Sheet; and (b) normal and recurring liabilities that have been incurred by the Acquired Companies since the

Pages 35 - 55 deleted as irrelevant to trademark transfers

13.13 Section Headings. Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

13.14 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

13.15 Use of Name. After the Closing Date, neither the Company nor Shareholders nor any of its or their affiliates shall do business as, or use in the conduct of their businesses or otherwise the name, Telecom Multimedia Systems, Inc., TMSI or any similar words.

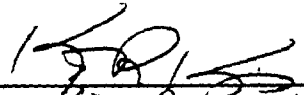
13.16 Governing Law. This Agreement will be governed by the laws of the State of California without regard to conflicts of laws principles.

13.17 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

* * *

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

INTER-TEL, INCORPORATED

By: 
Title: Vice President

TELECOM MULTIMEDIA SYSTEMS, INC.

By: _____
Title: _____

STM WIRELESS, INC.

By: _____
Title: _____

Ramin Sadr, an individual

Farshad Meshkinpour, an individual

[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

INTER-TEL, INCORPORATED

TELECOM MULTIMEDIA SYSTEMS, INC.

By: _____
Title: _____

By: Ramin Sadr
Title: President, CEO

STM WIRELESS, INC.

By: Farshad Meshkinpour
Title: CEO

Ramin Sadr
Ramin Sadr, an individual

Farshad Meshkinpour
Farshad Meshkinpour, an individual

Part 3.20
Intellectual Property

(b) See Part 3.17 for list of contracts.

(c),(d),(e),(f) & (g) TMSI's technology and product base consists of following elements, some of which as indicated below are not and can not be considered to be TMSI intellectual property, particularly in relation to a potential infringement by a third party.

Product Technology base:

The TMSI's product technology consists of existing and in process development in following areas:

1-Hardware Design: TMSI represents that the hardware design for its product base, excluding any of the bought out items for the chassis, power supply, mother boards, plug in cards, and components are TMSI's original design.

2-Software: The software consists of source code and/or object code that in general falls in three categories:

2.1-Source code and/or object code for standardized voice compression algorithms (for example: G.728, G.729, G,729-A) or other third party supplied algorithms (Such as AMBE);

2.2-Source code and/or object code for modules normally supplied by Microsoft (example DOS), and VX Works and Router Ware
;

2.3-Source code and /or object code for standardized fax and modem emulation functions (example V.32, Group-3 Fax) and other standards;

2.4- Source and or object codes for implementation of internet protocol (IP) and frame relay packetization protocols which are not included in 2.2 above.

2.5 Over all product software for packetization and transmission of voice, facsimile, and modem data, echo cancellation, DTMF and MFC detection and generation, transparent passing of in band signalling, jitter buffer control, network management functions, directory servers, JAVA telephone applications, and auxiliary functions such as call detail recording and store and forward fax servers.

TMSI makes no claim to intellectual property for object code, source code, and software in any form under categories 2.1 to 2.3 to the extent they implement ITU standards for G.728, G.729, G.729A, V 32, and industry standards for Group 3 Fax and AMBE and

any other implementation of voice or fax compression algorithms that are other parties' intellectual property. Any TMSI developed proprietary source and object software included in categories 2.2 to 2.3 that do not implement the above standards and algorithms as stated in the previous sentence are included in TMSI intellectual property.

Furthermore TMSI hereby informs Intertel that despite certain license agreements that TMSI may have entered into in the past in relation to items 2.1 to 2.3 and the terms and conditions of such licenses, there is a possibility that at any time in the future claims regarding the application or use of the intellectual property, in relation to software falling under categories 2.1 to 2.3 may be made. To TMSI's Knowledge, however, there is no pending or Threatened claim regarding the application or use of the intellectual property in relation to software falling under categories 2.1 to 2.3.

The Company has not made a patent filing for any of its inventions. The Company does license certain patents under the license agreements set forth in Part 3.17 of the Disclosure Letter. As a matter of practice, the Company incorporates copyright notices in its software both within the source code as well as within its user interfaces. The Company has made the following Trademark filings:

Int. Cl.: 9

Prior U.S. Cls.: 21, 23, 26, 36 and 38

Reg. No. 2,095,043

United States Patent and Trademark Office

Registered Sep. 9, 1997

**TRADEMARK
PRINCIPAL REGISTER**

LEPTON

TELECOM MULTIMEDIA SYSTEMS, INC.
(CALIFORNIA CORPORATION)
ONE MAUCHLY, SUITE B
IRVINE, CA 92718

FIRST USE 6-29-1996; IN COMMERCE
6-29-1996.

SER. NO. 75-163,512, FILED 9-10-1996.

FOR: MULTIPLEXERS FOR PROCESSING
VOICE, FACSIMILE AND DATA SIGNALS, IN
CLASS 9 (U.S. CLS. 21, 23, 26, 36 AND 38).

DOMINIC KEATING, EXAMINING ATTOR-
NEY

Int. Cl.: 9

Prior U.S. Cls.: 21, 23, 26, 36 and 38

Reg. No. 2,097,513

United States Patent and Trademark Office

Registered Sep. 16, 1997

TRADEMARK
PRINCIPAL REGISTER

CLEARCONNECT

TELECOM MULTIMEDIA SYSTEMS, INC.
(CALIFORNIA CORPORATION)
ONE MAUCHLY, SUITE B
IRVINE, CA 92718

LEPHONY SIGNALS. IN CLASS 9 (U.S. CLS. 21,
23, 26, 36 AND 38).
FIRST USE 6-29-1996; IN COMMERCE
6-29-1996.

SER. NO. 75-163,513, FILED 9-10-1996.

FOR: COMPUTER SOFTWARE FOR COM-
PRESSING, DECOMPRESSING AND PROCESS-
ING VOICE, FACSIMILE, DATA AND TE-

DOMINIC KEATING, EXAMINING ATTOR-
NEY