

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Z-Tel Technologies, Inc.		04/22/2004	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Textron Financial Corporation
Street Address:	11575 Great Oaks Way
Internal Address:	Suite 210
City:	Alpharetta
State/Country:	GEORGIA
Postal Code:	30022
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 31

Property Type	Number	Word Mark
Registration Number:	2721976	CITY OF AMERICA
Registration Number:	2369607	CLICK & LISTEN
Registration Number:	2728141	MEMBER-TO-MEMBER
Registration Number:	2727264	MYZLINE.COM
Registration Number:	2405802	WEBDIAL
Registration Number:	2673315	WHY HAVE A PHONE LINE WHEN YOU CAN HAVE A Z-LINE?
Registration Number:	2411570	YOUR PERSONAL COMMUNICATIONS CENTER
Registration Number:	2425551	Z TEL COMMUNICATIONS, INC.
Registration Number:	2504055	Z-ALERTS
Registration Number:	2600286	Z-INTERNET ACCESS
Registration Number:	2654744	Z-LINE ANYWHERE
Registration Number:	2514740	Z-LINE COMPANION
Registration Number:	2539190	Z-LINE HOME EDITION
Registration Number:	2516675	Z-LINE MESSENGER

CH \$790.00 2721976

Registration Number:	2655094	Z-LINEBUSINESS
Registration Number:	2657284	Z-LINEHOME
Registration Number:	2652132	Z-LINE
Registration Number:	2625406	Z-NODE
Registration Number:	2727348	Z-TECHNOLOGY
Registration Number:	2487973	Z-TEL TECHNOLOGIES, INC.
Registration Number:	2391572	Z-TEL
Registration Number:	2514741	Z-TEL
Registration Number:	2425521	WORLD CONFLICT
Serial Number:	75530528	Z-SITE
Serial Number:	78329860	YOUR COMMUNICATIONS BRIEFCASE
Serial Number:	75537228	Z-TEL PRIVATE NETWORK
Serial Number:	78070952	Z-LINE COMMUNITY STAY CONNECTED
Serial Number:	75629012	Z-NET
Serial Number:	78115408	Z-VOICE MAIL
Serial Number:	78312677	Z-LINEMOBILE
Serial Number:	78082233	Z-LINECOMMUNITY

CORRESPONDENCE DATA

Fax Number: (678)553-2676
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 678-553-2675
Email: atltrademark@gtlaw.com
Correspondent Name: Michael R. Wing, Esq., Greenberg Traurig
Address Line 1: 3290 Northside Parkway
Address Line 2: Suite 400
Address Line 4: Atlanta, GEORGIA 30327

NAME OF SUBMITTER:

Loring Kemp, Trademark Paralegal

Total Attachments: 11
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PATENT, COPYRIGHT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT, COPYRIGHT AND TRADEMARK SECURITY AGREEMENT (the "Agreement") is made as of the 22nd day of April, 2004 between Z-TEL TECHNOLOGIES, INC., a Delaware corporation ("Grantor") and TEXTRON FINANCIAL CORPORATION, a Delaware corporation ("Secured Party"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement (as this term is defined below).

RECITALS

A. Grantor and Secured Party have entered into that certain Loan and Security Agreement dated as of even date herewith, pursuant to which Secured Party has agreed to extend credit to Grantor in the maximum amount of \$25,000,000.00 (as amended, restated, modified and supplemented from time to time, the "Loan Agreement").

B. In order to induce Secured Party to enter into the Loan Agreement and the transactions contemplated thereby, and as a condition thereto, Grantor is required to execute and deliver to Secured Party this Agreement and pursuant hereto to grant to Secured Party a security interest in and to all of Grantor's right, title, and interest in and to the Proprietary Rights including without limitation (i) the copyrights and copyright registrations listed on Schedule A ("Copyrights"), (ii) the patents and patent registrations listed on Schedule A ("Patents"), (iii) the trademarks and trademark registrations listed on Schedule A, and the goodwill related thereto ("Trademarks"), (iv) any other intellectual property of Grantor ("Other Assets"), including without limitation, formulations, manufacturing procedures, quality control procedures and product specifications relating to any products sold under any and all of the foregoing, (v) proceeds and products of the foregoing (all of the foregoing collectively and individually referred to as the "Intellectual Property Collateral"). Any such Intellectual Property Collateral is listed on Schedule A attached hereto and incorporated herein by reference, as the same may be amended and supplemented from time to time.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. As collateral security for the prompt and punctual payment and performance of the Obligations by Grantor and for the prompt performance by Grantor of its obligations and undertakings under this Agreement, Grantor hereby grants to Secured Party, its successors and assigns, a security interest in all of the Intellectual Property Collateral, whether now owned or hereafter acquired by Grantor, for so long as any of the Obligations remain unpaid and outstanding. Such grant of security interest shall be of no further force or effect after the Obligations have been indefeasibly paid in full and the credit facility evidenced by the Loan Agreement has been duly terminated.

2. Grantor covenants, warrants and represents that:

(a) Set forth on Schedule A attached hereto is a true and complete list of all of Grantor's Patents, Trademarks, and Copyrights and none of such Proprietary Rights is subject to any licensing agreement or similar arrangement, except as set forth on Schedule 1 or as entered into in the ordinary course of Grantor's business. To the best knowledge of Grantor none of such Proprietary Rights infringes on the valid trademark, trade name, copyright or patent right of any other person or entity, and no other person's or entity's property infringes on the Proprietary Rights, in any material respect. The Proprietary Rights described on Schedule 1 constitute all of the property of such type necessary to the current and anticipated future conduct of the business of Grantor.

(b) Grantor is the sole and exclusive owner of all of the Intellectual Property Collateral, free and clear of all liens and encumbrances, except for the security interest created by this Agreement and the other Loan Documents and except for any intellectual property owned by another person that is licensed to, used or distributed by Grantor. Grantor will defend the right, title and interest in and to the Intellectual Property Collateral against any and all claims of any third parties, including without limitation those that are asserted against Secured Party during the term of this Agreement.

(c) To Grantor's knowledge, any of the Intellectual Property Collateral set forth on Schedule A is subsisting and has not been adjudged by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, and Grantor has not received any claim by any third party that any such Intellectual Property Collateral is invalid or unenforceable.

(d) Execution, delivery and performance of this Agreement by Grantor does not (i) violate, conflict with, result in a breach of, constitute a default under, result in the termination of, or result in the creation of any encumbrances upon any of the Intellectual Property Collateral, under any agreement to which Grantor is a party or by which Grantor is bound, or (ii) violate any laws, rules, regulations or orders applicable to any of the Intellectual Property Collateral.

(e) Grantor has used, and will continue to use for the duration of this Agreement, reasonably consistent standards of quality in all products, goods or services sold or marketed under the Trademarks or utilizing any Patents, Copyrights, or Other Assets.

(f) Grantor shall take any and all actions as are necessary or appropriate to properly maintain any of the Intellectual Property Collateral, including, without limitation, payment when due of such maintenance and, if applicable, renewal fees and similar expenses which shall be incurred or which shall accrue with respect to any of the Intellectual Property Collateral.

(g) If Secured Party deems it necessary to perfect Secured Party's interest in the Intellectual Property Collateral conveyed hereunder, Grantor shall cause this Agreement to be properly recorded with the United States Patent and Trademark Office, the United States Copyright Office, and any other government or public office or agency of the United States of America, as applicable, and, except for these filings (and any filings required under applicable state law), no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body of the United States of America is required either (i)

for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Grantor or (ii) for the perfection by Secured Party of its rights hereunder.

(h) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Grantor with respect to any of the Intellectual Property Collateral is, to Grantor's knowledge, accurate and complete in all material respects.

3. Grantor hereby grants to Secured Party and its employees, representatives and agents the right to visit during regular business hours any of Grantor's facilities to inspect the products, goods or services that are sold or marketed using the Intellectual Property Collateral and quality control or other similar records relating thereto, provided that Secured Party shall not interfere with the daily operations of Grantor, provided further, that so long as no Event of Default has occurred and is continuing, any such visit shall be upon at least 24 hours prior telephonic notice by Secured Party to Grantor and during business hours. Grantor shall do any and all acts required by Secured Party to ensure Grantor's compliance with Section 2(e).

4. Grantor agrees that, until all of the Obligations of Grantor under the Loan Documents shall have been satisfied in full, Grantor will not sell, assign, transfer, sub-license any of its rights or interests hereunder outside the ordinary course of Grantor's business in accordance with past practices, or enter into any other agreement which is inconsistent with Grantor's obligations hereunder, without the prior written consent of Secured Party.

5. If, before the Obligations of the Grantor shall have been satisfied in full, Grantor shall obtain rights to any new Copyrights, Patents, Trademarks or Other Assets not listed in Schedule A, the provisions of this Agreement shall automatically apply thereto and Grantor shall give Secured Party prompt written notice thereof.

6. Grantor authorizes Secured Party to modify this Agreement by amending Schedule A to include any new Copyrights, Patents, Trademarks or Other Assets without the necessity of Grantor's approval of or signature to such amendment, and Grantor shall do all such other acts (at its own expense) deemed reasonably necessary or appropriate by Secured Party to implement or preserve Secured Party's interests therein. All representations and warranties of Grantor set forth herein shall be deemed to be restated by Grantor as of the date of any such amendment of or supplement to Schedule A with full force and effect as though made on such date.

7. If any Event of Default shall have occurred and be continuing, Secured Party shall have, in addition to all other rights and remedies given by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction and, without limiting the generality of the foregoing, Secured Party may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Providence, Rhode Island, or elsewhere, all or from time to time any part of the Intellectual Property Collateral, or any interest which Grantor may have therein, and after deducting from the proceeds of sale or other disposition of any part of the Intellectual Property

Collateral all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds to the payment of the Obligations of Grantor. Any remainder of the proceeds after payment in full of the Obligations of Grantor shall be paid over to Grantor. Notice of any sale or other disposition of any part of the Intellectual Property Collateral shall be given to Grantor at least ten (10) days before the time of any intended public or private sale or other disposition thereof is to be made, which Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Secured Party may, to the extent permissible under applicable law, purchase the whole or any part of any of the Intellectual Property Collateral sold, free from any right of redemption on the part of Grantor, which right is hereby waived and released.

8. Subject to the terms of the Loan Agreement, at such time as Grantor shall completely satisfy all of the Obligations, this Agreement shall terminate and Secured Party shall execute and deliver to Grantor all deeds, assignments, termination statements under the Uniform Commercial Code or under the Applicable Laws and regulations of the United States government with respect to intellectual property, and other instruments as may be necessary or proper to release Secured Party's security interest in and/or re-vest in Grantor full title to any part of the Intellectual Property Collateral, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

9. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving any part of the Intellectual Property Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to any part of the Intellectual Property Collateral, shall be borne and paid by Grantor on demand by Secured Party and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Loan Agreement.

10. Grantor shall have the duty to prosecute diligently any applications related to any Intellectual Property Collateral pending as of the date of this Agreement or thereafter until the Obligations of the Grantor shall have been paid in full, and if it is determined in Grantor's reasonable business judgment that registration is beneficial, to make federal application on registrable but unregistered Trademarks, Copyrights or Patents. Any expenses incurred in connection therewith shall be borne by Grantor. Grantor shall not abandon or dedicate to the public any of the Intellectual Property Collateral, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment or dedication to the public of any part of the Intellectual Property Collateral or loss of or adverse effect on any rights in any part of the Intellectual Property Collateral, without the consent of Secured Party, which consent shall not be unreasonably withheld. This provision will not prevent Grantor from licensing Proprietary Rights in the ordinary course of business.

11. Grantor shall have the right, with the prior written consent of Secured Party, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation

proceedings or lawsuit in its own name to enforce or protect any part of the Intellectual Property Collateral, in which event Secured Party may, if necessary, be joined as a nominal party to such suit if Secured Party shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. Grantor shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including reasonable attorneys' fees, incurred by Secured Party in the fulfillment of the provisions of this Section 11.

12. In the event of the occurrence and during the continuance of an Event of Default under the Loan Agreement, Grantor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its exclusive discretion, as Grantor's true and lawful attorney-in-fact, with the power to endorse Grantor's name on all applications, documents, papers and instruments necessary for Secured Party to use any of the Intellectual Property Collateral, or to grant or issue any exclusive or non-exclusive license under any of the Intellectual Property Collateral to anyone else, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of any of the Intellectual Property Collateral to anyone else. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until this Agreement shall terminate pursuant to the terms herein.

13. If Grantor fails to comply with any of its obligations hereunder, Secured Party may do so in Grantor's name or in Secured Party's name, but at Grantor's expense, and Grantor hereby agrees to reimburse Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by Secured Party in protecting, defending and maintaining any of the Intellectual Property Collateral.

14. This Agreement is supplemental to the Loan Agreement, and in no event shall this Agreement, or the recordation of this Agreement or any other documents in connection herewith with the United States Patent and Trademark Office, the United States Copyright Office, or any other government or public office or agency of the United States of America, adversely effect or impair, in any way or to any extent, the other Loan Documents, and the security interest of Secured Party in the Collateral (including the Intellectual Property Collateral) pursuant to the other Loan Documents. Any and all rights and interests of Secured Party in and to the Intellectual Property Collateral (and any and all obligations of Grantor with respect to the Intellectual Property Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of Secured Party (and the obligations of Grantor) in, to, or with respect to the Collateral (including Intellectual Property Collateral) provided in or arising under or in connection with the other Loan Documents.

15. No course of dealing between Grantor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. All of Secured Party's rights and remedies with respect to any of the Intellectual Property Collateral, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

17. Notices that are required to be delivered hereunder shall be sufficient if in writing and sent to the addresses set forth in the Loan Agreement, in the manner and within the time specified in the Loan Agreement.

18. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

19. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 6.

20. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

21. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of Rhode Island, without reference to applicable conflict of law principles.

22. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile signatures of this Agreement shall have the same force and effect as original signatures.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the date set forth above.

ATTEST

GRANTOR:

Z-TEL TECHNOLOGIES, INC.

Michael C. Bass

By: 

Name: Horace J. "Trey" Davis, III

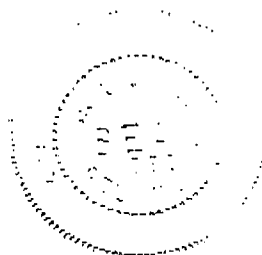
Title: Treasurer and Chief Financial Officer

601 Harbour Island Blvd., Suite 220

Tampa, FL 33602

Facsimile: (813) 233-4582

[CORPORATE SEAL]

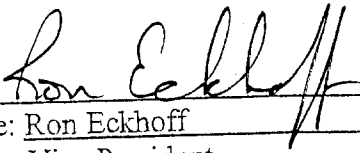


with copies to:

Richard B. Hadlow
Holland & Knight, LLP
100 North Tampa Street, Suite 4100
P.O. Box 1288 (33601-1288)
Facsimile: (813) 229-0134

SECURED PARTY:

TEXTRON FINANCIAL CORPORATION

By: 

Name: Ron Eckhoff

Title: Vice President

11575 Great Oaks Way
Suite 210

Alpharetta, GA 30022

Attention: SVP- ABLG Portfolio Management

Facsimile: (770) 360-1672

with a copy to:

Thomas Kaiser, Esq.
Textron Financial Corporation
11575 Great Oaks Way
Suite 210
Alpharetta, GA 30022
Facsimile: (770) 360-1458

STATE OF FL)
) ss:
COUNTY OF Hillsborough

BEFORE ME, the undersigned, a Notary Public in and for the county aforesaid, on this 2 day of Sept, 2004, personally appeared Horace J. "Trey" Davis, III, to me known personally, and who, being by me duly sworn, deposes and says that he/she is the Treasurer and Chief Financial Officer of Z-TEL TECHNOLOGIES, INC., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said Horace J. "Trey" Davis, III acknowledged said instrument to be the free act and deed of said corporation.

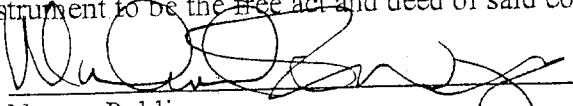
Sarah Greenhawt
Notary Public

My Commission Expires: 4/10/08



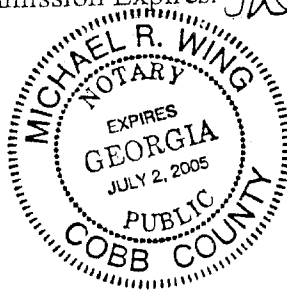
STATE OF GEORGIA)
) ss:
COUNTY OF FULTON)

BEFORE ME, the undersigned, a Notary Public in and for the county aforesaid, on this ~~25~~ day of April, 2004, personally appeared Ron Eckhoff, to me known personally, and who, being by me duly sworn, deposes and says that he is Vice President of **TEXTRON FINANCIAL CORPORATION**, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said Ron Eckhoff acknowledged said instrument to be the free act and deed of said corporation.



Notary Public

My Commission Expires: July 2, 2005



SCHEDULE A
Intellectual Property Collateral

TRADEMARKS

<u>Trademark/Service Mark</u>	<u>Country</u>	<u>Registration No.</u>	<u>Registration/ Filing Date</u>	<u>Serial No.</u>
City of America®	USA	2,721,976	06/03/2003	76-141,063
Click & Listen®	USA	2,369,607	07/18/2000	75-756,582
Member-To-Member®	USA	2,728,141	06/17/2003	78-070,030
Myzline.com®	USA	2,727,264	06/17/2003	78-144,467
Webdial®	USA	2,405,802	11/21/2000	75-767,041
Why Have a Phone When You Can Have a Z-Line?®	USA	2,673,315	01/07/2003	78-082,523
Your Personal Communications Center®	USA	2,411,570	12/05/2000	75-813,521
Z-Tel Communications, Inc.®	USA	2,425,551	01/30/2001	75-513,821
Z-Alerts®	USA	2,504,055	11/06/2001	76-156,793
Z-Internet Access®	USA	2,600,286	07/30/2002	76-110,579
Z-Line Anywhere®	USA	2,654,744	11/26/2002	75-896,714
Z-Line Companion®	USA	2,514,740	12/04/2001	76-110,575
Z-Line Home Edition®	USA	2,539,190	02/19/2002	75-923,717
Z-Line Messenger®	USA	2,516,675	12/11/2001	76-028,197
Z-LineBusiness®	USA	2,655,094	11/26/2002	78-081,329
Z-LineHome®	USA	2,657,284	12/03/2002	78-081,328
Z-Line®	USA	2,652,132	11/19/2002	75-513,820
Z-Node®	USA	2,625,406	09/24/2002	75-513,870
Z-Technology®	USA	2,727,348	06/17/2003	78-158,170
Z-Tel Technologies, Inc.®	USA	2,487,973	09/11/2001	75-453,878
Z-Tel®	USA	2,391,572	10/03/2000	75-822,317
Z-Tel® and design	USA	2,514,741	12/04/2001	76-110,578
World Conflict®	USA	2,425,521	01/30/2001	75-484,608
Across The Street or Across the Country	USA			78-075,292
Z-Number®	USA			75-513,871
Z-Site®	USA			75-530,528
Your Communications Briefcase®	USA			78-329,860
Z-Tel Private Network®	USA			75-537,228
Z-Line Community Stay Connected®	USA			78-070,952
Z-Mailbox®	USA			75-629,011
Z-Net®	USA			75-629,012
Z-Voice Mail®	USA			78-115,408
Z-Linemobile®	USA			78-312,677
Z-Line Community®	USA			78-082,233

SCHEDULE A
(to Patent, Copyright and Trademark Collateral Assignment and Security Agreement)

PATENTS

<u>Patent</u>	<u>Country</u>	<u>Patent No.</u>	<u>Issue Date</u>
Virtual PBX	USA	6,587,555	07/01/2003
Dynamic Updating of SCP Through ISUP Messages	USA	6,453,036	09/17/2002

COPYRIGHTS

None

SCHEDULE A -2

(to Patent, Copyright and Trademark Collateral Assignment and Security Agreement)

TRADEMARK