

| UNITED STATES BANKRUPTCY COURT <u>SOUTHERN</u> DISTRICT OF <u>NEW YORK</u> | | PROOF OF CLAIM |
|---|--|--|
| Name of Debtor Allegiance Telecom, Inc., et al. | | Case Number 03-13057 (RDD) |
| NOTE This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503. | | |
| Name of Creditor (The person or other entity to whom the debtor owes money or property) Lincoln-Carlyle, Illinois Center, LLC | | <div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; right: 0; font-weight: bold; color: red;">FILED</div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-weight: bold;">28-17</div> </div> |
| Name and address where notices should be sent Eric Thompson, General Manager Lincoln Property Company 111 East Wacker Drive, Suite 1220 Chicago, IL 60601 | | |
| Telephone number 312-819-4489 | | |
| Account or other number by which creditor identifies debtor | | Check here <input type="checkbox"/> replaces if this claim a previously filed claim, dated _____ <input type="checkbox"/> amends |
| 1 Basis for Claim <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Lease Rejection</u> </div> <div style="width: 45%;"> <input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of SS # _____ Unpaid compensation for services performed from _____ to _____ (date) (date) </div> </div> | | |
| 2 Date debt was incurred | | 3 If court judgment, date obtained |
| 4 Total Amount of Claim at Time Case Filed \$ <u>319,175.16</u> <div style="display: flex; justify-content: space-between; font-size: small;"> (unsecured) (secured) (priority) (Total) </div> | | |
| If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges. | | |
| 5 Secured Claim <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff) Brief Description of Collateral <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral \$ _____ Amount of arrearage and other charges at time case filed included in secured claim if any \$ _____ | | 7 Unsecured Priority Claim <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority \$ _____ Specify the priority of the claim <input type="checkbox"/> Wages, salaries, or commissions (up to \$4,650)* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business whichever is earlier 11 U.S.C. § 507(a)(3) <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4) <input type="checkbox"/> Up to \$2,100* of deposits toward purchase lease or rental of property or services for personal family or household use 11 U.S.C. § 507(a)(6) <input type="checkbox"/> Alimony, maintenance or support owed to a spouse former spouse or child 11 U.S.C. § 507(a)(7) <input type="checkbox"/> Taxes or penalties owed to governmental units 11 U.S.C. § 507(a)(8) <input type="checkbox"/> Other Specify applicable paragraph of 11 U.S.C. § 507(a)(____) <small>*Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment</small> |
| 6 Unsecured Nonpriority Claim \$ _____ <input type="checkbox"/> Check this box if a) there is no collateral or lien securing your claim or b) your claim exceeds the value of the property securing it or if c) none or only part of your claim is entitled to priority | | <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 150px;"> RECEIVED JUN 21 2004 <small>U.S. BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK</small> </div> |
| 8 Credits The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. | | |
| 9 Supporting Documents Attach copies of supporting documents such as promissory notes purchase orders invoices, itemized statements of running accounts contracts court judgments mortgages security agreements and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available explain. If the documents are voluminous attach a summary. See Lease (Ex A), Amendment (Ex B) and Scheduled Rejection Damages (Ex C). | | |
| 10 Date-Stamped Copy To receive an acknowledgment of the filing of your claim, enclose a stamped self-addressed envelope and copy of this proof of claim. | | |
| Date 6/17/04 | Sign and print the name and title if any of the creditor or other person authorized to file this claim (attach copy of power of attorney if any). Eric Thompson, General Manager of Lincoln Property Company, as Managing Agent for Creditor | |

LEASE

111 East Wacker Drive
Chicago Illinois

Between

Allegiance Telecom, Inc
(Tenant)

and

SM Brell, L P
(Landlord)

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APPENDIX A - PLAN OF THE PREMISES

APPENDIX B - RULES AND REGULATIONS

APPENDIX C - TENANT IMPROVEMENT AGREEMENT

APPENDIX D - MORTGAGES CURRENTLY AFFECTING THE PROJECT

LEASE

111 EAST WACKER DRIVE
CHICAGO, ILLINOIS

THIS LEASE (the "Lease") is made as of May 21, 1998 between SM Brell, L P , a California limited partnership (the "Landlord") and the Tenant as named in the Schedule below. The term "Project" means the building (the "Building") located at 111 East Wacker Drive and the land (the "Land") underlying the Building. "Premises" means that part of the Project leased to Tenant described in the Schedule and outlined on Appendix A.

The following schedule (the "Schedule") is an integral part of this Lease. Terms defined in this Schedule shall have the same meaning throughout the Lease.

SCHEDULE

- 1 Tenant Allegiance Telecom, Inc , a Delaware corporation
- 2 Premises 9,229 rentable square feet of space located on the 12th Floor of 111 E Wacker, as outlined in Exhibit A
- 3 Rentable Square Feet of the Premises 9,229
- 4 Tenant's Proportionate Share 9449% (based upon a total of 976,726 rentable square feet in the Building)
- 5 Rent Abatement, if any Subject to Appendix C, Base Rent, Operating Cost Share Rent and Tax Share Rent shall abate for the period commencing on the Commencement Date and terminating February 28, 1999. In the event of any default hereunder by Tenant, any remaining rent abatement shall cease from the date of such default, until such time, if any, as such default is cured in accordance with this Lease.
- 6 Security Deposit \$18,624.90
- 7 Tenant's address for notices before possession date Four Westbrook Corporate Center, Suite 400, Westchester, IL 60154, Attn: Patricia Koide
- 8 Tenant's Real Estate Broker for this Lease Partners National Real Estate Group, Inc
- 9 Tenant Improvements See the Tenant Improvement Agreement attached hereto as Appendix C
- 10 Commencement Date The earlier to occur of (a) September 1, 1998 or (b) the date Tenant commences business operations in the Premises
- 11 Termination Date/Term Ten (10) Lease Years and six (6) months after the Commencement Date

12 Base Rent

| <u>Period</u> | <u>Annual Base Rent</u> | <u>Monthly Base Rent</u> |
|---|--|--------------------------|
| First Lease Year | \$129,206 00 (\$14 00 per rentable square foot) | \$10,767 17 |
| Second Lease Year | \$131,513 25 (\$14 25 per rentable square foot) | \$10,959 44 |
| Third Lease Year | \$133,820 50 (\$14 50 per rentable square foot) | \$11,151 71 |
| Fourth Lease Year | \$136,127 75 (\$14 75 per rentable square foot) | \$11,343 98 |
| Fifth Lease Year | \$138,435 00 (\$15 00 per rentable square foot) | \$11,536 25 |
| Sixth Lease Year | \$140,742 25 (\$15 25 per rentable square foot) | \$11,728 52 |
| Seventh Lease Year | \$143,049 50 (\$15 50 per rentable square foot) | \$11,920 79 |
| Eighth Lease Year | \$145,356 75 (\$15 75 per rentable square foot) | \$12,113 06 |
| Ninth Lease Year | \$147,664 00 (\$16 00 per rentable square foot) | \$12,305 33 |
| Tenth Lease Year | \$149,971 25 (\$16 25 per rentable square foot) | \$12,497 60 |
| Eleventh Lease Year (consisting of six (6) calendar months) | \$152,278 50 annualized (\$16 50 per rentable square foot) | \$12,689 88 |

1 LEASE AGREEMENT On the terms stated in this Lease, Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, for the Term beginning on the Commencement Date and ending on the Termination Date unless extended or sooner terminated pursuant to this Lease. Tenant shall have the non-exclusive right, in common with Landlord and all others to whom Landlord has or may hereafter grant rights, to use the common areas and common facilities of the Building as are designated from time to time by Landlord, subject to such reasonable rules and regulations as Landlord may from time to time impose.

2 RENT

A Types of Rent Tenant shall pay the following Rent in the form of a check to Landlord's building manager at the office of the Building, or in such other manner as Landlord may notify Tenant in writing

(1) Base Rent in monthly installments in advance on or before the first day of this Lease and the first day of each month of the Term thereafter in the amount set forth on the Schedule, subject, however, to the abatement set forth in the Schedule

(2) Operating Cost Share Rent in an amount equal to the Tenant's Proportionate Share of the Operating Costs for the applicable fiscal year of the Lease, paid monthly in advance in an estimated amount. Definitions of Operating Costs and Tenant's Proportionate Share, and the method for billing and payment of Operating Cost Share Rent are set forth in Sections 2B, 2C and 2D

(3) Tax Share Rent in an amount equal to the Tenant's Proportionate Share of the Taxes for the applicable fiscal year of this Lease, paid monthly in advance in an estimated amount. A definition of Taxes and the method for billing and payment of Tax Share Rent are set forth in Sections 2B, 2C and 2D

(4) Additional Rent in the amount of all costs, expenses, liabilities, and amounts which Tenant is required to pay under this Lease, excluding Base Rent, Operating Cost Share Rent, and Tax Share Rent, but including any interest for late payment of any item of Rent

(5) Rent as used in this Lease means Base Rent, Operating Cost Share Rent, Tax Share Rent and Additional Rent. Tenant's agreement to pay Rent is an independent covenant, with no right of setoff, deduction or counterclaim of any kind, except as may be expressly provided in this Lease

B Payment of Operating Cost Share Rent and Tax Share Rent

(1) Payment of Estimated Operating Cost Share Rent and Tax Share Rent Landlord shall estimate in good faith the Operating Costs and Taxes of the Project each fiscal year, generally after the beginning of the year. Landlord may revise these estimates whenever it obtains more accurate information, such as the final real estate tax assessment or tax rate for the Project

Within fifteen (15) days after receiving the original or revised estimate from Landlord, Tenant shall pay Landlord one-twelfth (1/12th) of Tenant's Proportionate Share of this estimate, multiplied by the number of months that have elapsed in the applicable fiscal year to the date of such payment including the current month, minus payments previously made by Tenant for the months elapsed. On the first day of each month thereafter, Tenant shall pay Landlord one-twelfth (1/12th) of Tenant's Proportionate Share of this estimate, until a new estimate becomes applicable

(2) Correction of Operating Cost Share Rent As soon as reasonably possible after the end of each fiscal year, Landlord shall deliver to Tenant a report for such year (the "Operating Cost Report") setting forth (a) the actual Operating Costs incurred and including reasonable detail concerning categories

of Operating Costs reflected therein, (b) the amount of Operating Cost Share Rent due from Tenant, and (c) the amount of Operating Cost Share Rent paid by Tenant. Within thirty (30) days after such delivery, Tenant shall pay to Landlord the excess, if any, of the amount payable by Tenant for Tenant's Operating Cost Share Rent for such fiscal year over the amount theretofore paid by Tenant on account thereof. If the amount previously paid by Tenant exceeds the amount due from Tenant, Landlord shall apply the excess to Tenant's next months' payments of Operating Cost Share Rent, except in the last Lease Year. After the last Lease Year, any overage shall be refunded directly to Tenant.

(3) Correction of Tax Share Rent. As soon as reasonably possible after the end of each fiscal year, Landlord shall deliver to Tenant a report for such fiscal year (the "Tax Report") setting forth (a) the actual Taxes, (b) the amount of Tax Share Rent due from Tenant, and (c) the amount of Tax Share Rent paid by Tenant. Within thirty (30) days after such delivery, Tenant shall pay to Landlord the excess, if any, of the amount payable by Tenant for Tax Share Rent for such fiscal year over the amount theretofore paid by Tenant on account thereof. If the amount paid exceeds the amount due, Landlord shall apply any the excess as a credit against Tenant's next month's payment of Tax Share Rent, except in the last Lease Year. After the last Lease Year, any overage shall be refunded directly to Tenant.

C Definitions

(1) Taxes. "Taxes" means any and all taxes, assessments and charges of any kind, general or special, ordinary or extraordinary, levied by any governmental entity, which Landlord shall pay or become obligated to pay in connection with the ownership, leasing, renting, management, control or operation of the Project or of the personal property, fixtures, machinery, equipment, systems and apparatus used in connection therewith. Taxes shall include real estate taxes, personal property taxes, sewer rents, water rents, special or general assessments, transit taxes, ad valorem taxes, and any tax levied on the rents hereunder or the interest of Landlord under this Lease (the "Rent Tax"). Taxes shall also include all legal fees and other costs and expenses paid by Landlord in seeking a refund or reduction of any Taxes, whether or not the Landlord is ultimately successful.

For any year, the amount to be included in Taxes (a) from taxes or assessments payable in installments, shall be the amount of the installments (with any interest) due and payable during such year, and (b) from all other Taxes, shall at Landlord's election be the amount accrued, assessed, or otherwise imposed for such year or the amount due and payable in such year. Any refund or other adjustment to any Taxes by the taxing authority, shall apply during the year in which the adjustment is made.

Taxes shall not include any net income (except Rent Tax), capital, stock, succession, transfer, franchise, gift, estate or inheritance tax, except to the extent that such tax shall be imposed in lieu of any portion of Taxes or penalties or interest on late payments (unless such late payment is due in whole or in part to the act or omission of Tenant, its agents or employees).

(2) Operating Costs. "Operating Costs" means any expenses, costs and disbursements of any kind other than Taxes, paid or incurred by Landlord in connection with the ownership, leasing, management, maintenance, operation and repair of any part of the Project and of the personal property, fixtures, machinery, equipment, systems and apparatus used in connection therewith, including the cost

of providing those services required to be furnished by Landlord under this Lease. Operating Costs shall not include (a) costs of alterations of tenant premises, (b) costs of capital improvements, except those intended to reduce Operating Costs, and those made to keep the Project in compliance with governmental requirements applicable from time to time, amortized by Landlord in accordance with sound accounting and management principles, (c) interest and principal payments on mortgages or any other debt costs, or rental payments on any ground lease of the Project ("Ground Lease"), (d) real estate brokers' leasing commissions, (e) any cost or expenditure for which Landlord is reimbursed, by insurance proceeds or otherwise, except by Operating Cost Share Rent, (f) the cost of any service furnished to any office tenant of the Project which Landlord does not make available to Tenant, and (g) any amount due as a penalty, interest or late charge on account of Landlord's default under any service contract or other agreement relating to the Building.

If the Project is not at least ninety-five percent (95%) occupied by tenants during all or any portion of any fiscal year, then Landlord may elect to make an adjustment for such year of components of Operating Costs and the amounts thereof which vary depending on the occupancy level of the Building or the number of tenants using the service. Any such adjustments shall be deemed costs and expenses paid or incurred by Landlord and included in Operating Costs for such year as if the Project had been ninety-five percent (95%) occupied during the entire fiscal year.

"Lease Year" means each consecutive twelve-month period beginning with the Commencement Date, except that if the Commencement Date is not the first day of a calendar month, then the first Lease Year shall be the period from the Commencement Date through the final day of the twelfth full month following the month in which the Commencement Date occurs, and each subsequent Lease Year shall be the twelve months following the prior Lease Year.

(3) Fiscal Year "Fiscal Year" means the calendar year, except that the first fiscal year and the last fiscal year of the Term may be a partial calendar year.

D Computation of Base Rent and Rent Adjustments

(1) Prorations If this Lease begins or ends on a day other than the first day of a month, the Base Rent, Operating Cost Share Rent and Tax Share Rent shall be prorated for such partial month. If this Lease begins on a day other than the first day, or ends on a day other than the last day, of the fiscal year, Operating Cost Share Rent and Tax Share Rent shall be prorated for the applicable fiscal year.

(2) Default Interest Any sum due from Tenant to Landlord not paid within the applicable curative period provided for under Section 12 shall bear interest from the original due date until paid at the annual rate equal to the greater of (i) twelve percent (12%), or (ii) four percent (4%) plus the "Corporate Base Rate" at the time of such nonpayment. "Corporate Base Rate" means the rate of interest most recently announced by the First National Bank of Chicago, or its successor (the "First") as its corporate base rate. If the First ceases to use the term corporate base rate, then the Corporate Base Rate shall be the rate used by the First as a base rate of interest for commercial loans, however this rate is designated by the First. A certificate by an officer of the First stating the corporate base rate (or such designated rate) in effect shall be conclusive evidence thereof.

(3) Rent Adjustments If the number of rentable square feet in either the Premises or the Building shall be changed, Tenant's Proportionate Share shall be appropriately recalculated as of the date of the change. If any Operating Cost paid in one fiscal year relates to more than one fiscal year, Landlord may proportionately allocate such Operating Cost among the related fiscal years.

(4) Books and Records Landlord shall maintain books and records reflecting the Operating Costs and Taxes in accordance with sound accounting and management practices. Tenant, and its agents and representatives, may inspect Landlord's records at Landlord's office upon one day's prior notice during normal business hours during the sixty (60) days following delivery of either the Operating Cost Report or the Tax Report. Tenant and any agent or representative must agree, in their contract for such services, that the results of any such inspection shall be kept entirely confidential and shall specifically not be made available to any other tenant of the Building. Unless Tenant sends to Landlord any written exception to either such report within said sixty (60) day period, such report shall be deemed final and accepted by Tenant. Tenant shall pay the amount shown on both reports in the manner prescribed in this Lease, whether or not Tenant takes any such written exception, without any prejudice to such exception. If Tenant makes a timely exception, Landlord shall cause its independent certified public accountant to issue a final and conclusive resolution of Tenant's exception. Tenant shall pay the cost of such certification unless Landlord's original determination of annual Operating Costs or Taxes was in error by more than three percent (3%).

(5) Miscellaneous So long as Tenant is in default of any obligation under this Lease, Tenant shall not be entitled to any refund of any amount from Landlord. If this Lease is terminated for any reason prior to the annual determination of operating Cost Share Rent or Tax Share Rent, either party shall pay the full amount due to the other within fifteen (15) days after Landlord's notice to Tenant of the amount when it is determined. Landlord may commingle any payments made with respect to Operating Cost Share Rent or Tax Share Rent, without payment of interest.

3 PREPARATION AND CONDITION OF PREMISES, POSSESSION AND SURRENDER OF PREMISES

A Condition of Premises Except to the extent of the Tenant Improvements item on the Schedule, Landlord is leasing the Premises to Tenant "as is," without any representations or warranties, including any express or implied warranties of merchantability, fitness or habitability, and without any obligation to alter, remodel, improve, repair, decorate or clean any part of the Premises. Landlord covenants and agrees that notwithstanding the foregoing to the contrary, Landlord shall, at its sole cost and expense, within one hundred eighty (180) days after the Commencement Date, finish the common corridors and elevator lobby on the 12th floor in a manner consistent with Landlord's new building standards.

B Tenant's Possession Tenant's taking possession of any portion of the Premises shall be conclusive evidence such portion was in good order, repair and condition, subject to latent defects. If Landlord authorizes Tenant to take possession of the Premises or any significant part thereof prior to the Commencement Date for purposes of doing business, all terms of this Lease shall apply to such pre-Term possession, including Base Rent at the rate set forth for the first Lease Year in Section 2A prorated for any partial month.

C Maintenance Throughout the Term, Tenant shall maintain the Premises in their condition as of the Completion Date, loss or damage caused by the elements, ordinary wear, and fire and other casualty excepted, and at the termination of this Lease, or Tenant's right to possession, Tenant shall return the Premises to Landlord in broom-clean condition. To the extent Tenant fails to perform either obligation, Landlord may but need not, restore the Premises to such condition and Tenant shall pay the cost thereof.

D Ownership of Improvements All Lease Term Work as defined in Section 5, partitions, hardware, and all fixtures except trade fixtures, constructed in the Premises by either Landlord or Tenant, shall become Landlord's property upon installation without compensation to Tenant, unless Landlord consents otherwise in writing, or requires Tenant to remove any such item at the termination of the Lease or of Tenant's right to possession.

E Removal at Termination Tenant shall remove its trade fixtures, furniture, moveable equipment and other personal property from the Premises upon the termination of this Lease or Tenant's right of possession. If Tenant does not, then Tenant shall be conclusively presumed to have, at Landlord's election (i) conveyed such property to Landlord without compensation or (ii) abandoned such property, and Landlord may dispose of any part thereof in any manner without liability to Tenant or any other person. Landlord shall have no duty to be a bailee of any such personal property. If Landlord elects abandonment, Tenant shall pay to Landlord, upon demand, any expenses incurred for disposition.

4 PROJECT SERVICES

Landlord shall furnish services as follows:

A Heating and Air Conditioning During the normal business hours of 8 00 a.m. to 6 00 p.m., Monday through Friday, and 8 00 a.m. to 1 00 p.m. on Saturday, Landlord shall furnish heating and air conditioning to provide a comfortable temperature, in Landlord's reasonable judgment, for normal business operations, except to the extent Tenant installs equipment which adversely affects the temperature maintained by the air conditioning system. If Tenant installs such equipment, Landlord may install supplementary air conditioning units in the Premises, and Tenant shall pay to Landlord upon demand as Additional Rent the cost of installation, operation and maintenance thereof.

Landlord shall furnish heating and air conditioning after business hours if Tenant provides Landlord at least twenty-four (24) hours' notice, and pays Landlord its then current standard charges for such additional heating or air conditioning.

B Elevators Landlord shall provide normal passenger elevator service to Tenant in common with Landlord and other parties, daily from 8 00 a.m. to 8 00 p.m. (Saturdays from 8 00 a.m. to 1 00 p.m.), Sundays and holidays excepted. At all other times, Landlord shall provide limited passenger elevator service, but shall provide normal passenger elevator service only at Landlord's sole option. Landlord shall provide freight elevator service to Tenant in common with Landlord and other parties daily from 8 00 a.m. to 5 00 p.m., Saturdays, Sundays and holidays excepted.

C Electricity Landlord shall pay for the electricity required for the operation of the heating and air conditioning systems in the Premises during the hours specified in Paragraph 4A above, and shall

include such payment in Operating Costs. All other electricity used in the Premises shall be supplied by the electricity company through a separate meter and paid for by Tenant. Tenant shall pay for the installation of any submeter required on any floor of its Premises. Any decrease or discontinuance of electric service shall not affect the parties' rights and obligations under this Lease. Tenant shall not use electricity at a rate which causes the use by all tenants to exceed the capacity of the Building or the risers or wiring to the Premises. Landlord shall at Tenant's expense maintain the light fixtures and install lamps, bulbs, ballasts and starters in the Premises.

Tenant shall pay for all electricity required for janitorial service, for alterations and repairs to the Premises, and for the operation of any supplementary air conditioning or ventilating system required for its equipment.

D Water Landlord shall furnish domestic water in common with other tenants for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant in the Premises with Landlord's written consent, and hot water in common with other tenants for lavatory purposes from the regular Building supply. Tenant shall pay Landlord for water furnished for any other purpose as Additional Rent at Landlord's then current rates. Tenant shall use all reasonable efforts to minimize the waste of water by its employees and agents.

E Janitorial Service Landlord shall furnish janitorial service, Saturdays, Sundays and holidays excepted. Tenant may obtain supplementary janitorial service only at its sole cost and responsibility, with employees or contractors satisfactory to Landlord, and subject to Landlord's prior written consent, and then only subject to the supervision of Landlord. Landlord agrees that it shall not unreasonably withhold its consent to a proposal by Tenant to have supplemental janitorial services provided by a contractor retained by Tenant, provided that disharmony of trades in the Building will not result and such service will be provided on a periodic basis as a supplement to and not a replacement of the janitorial and cleaning services provided by Landlord pursuant to this Lease.

F Telephone Service Tenant shall arrange for telephone service in the Premises directly with the telephone company. Tenant shall pay the cost of all charges for installation and service.

G Additional Services Landlord may provide extra or additional services as is reasonably possible for Landlord to provide, and as Tenant may request from time to time, within a reasonable period after Tenant requests such extra or additional services. Tenant shall pay Landlord an amount equal to one hundred ten percent (110%) of Landlord's actual cost incurred in providing such additional services, such amount to be considered Additional Rent hereunder. All charges for such extra or additional services shall be due and payable at the same time as the installment of Base Rent with which they are billed, or if billed separately, shall be due and payable within ten (10) days after such billing. Any such billings for extra or additional services shall include an itemization of the extra or additional services rendered, and the charge for each such service.

H Interruption of Services No interruption of services caused by repairs, replacements, or alterations to the service system, or by any other cause beyond the reasonable control of Landlord, shall be deemed an eviction or disturbance of Tenant's possession of any part of the Premises, or render Landlord liable to Tenant for damages, or otherwise affect the rights and obligations of Landlord and

Tenant under this Lease. However, Landlord shall use commercially reasonable efforts to minimize, to the extent practicable, any interference with Tenant's use and occupancy of the Premises.

5 ALTERATIONS AND REPAIRS

A Landlord's Consent and Conditions Tenant shall not make any improvements or alterations in or additions, changes or installations (collectively, "Alterations") to the Premises which (i) adversely impact, in Landlord's reasonable opinion, the base structural components or the heating, air conditioning, ventilation, electrical, plumbing or mechanical systems (collectively, the "Systems") of the Building, or (ii) impact any other tenant's premises (collectively, the "Systems/Structure Work"), without submitting plans and specifications therefor to Landlord, and obtaining Landlord's prior written consent thereto (which consent may be withheld in Landlord's sole discretion). Tenant shall not make any Alterations to the Premises which are not deemed Systems/Structure Work pursuant to this Section 5A, without submitting plans and specifications therefor to Landlord, and obtaining Landlord's prior written consent thereto (which consent shall not be unreasonably withheld), if (a) the cost thereof is in excess of \$50,000.00, or (b) such Alterations are visible from outside the Premises, or (c) such Alterations impact the Systems but are not deemed Systems/Structure Work by Landlord in its sole opinion (collectively, the "Consent Work"). Tenant shall be allowed to make any Alterations to the Premises which are not deemed Systems/Structure Work or Consent Work pursuant to this Section 5A without Landlord's consent (collectively, the "Non-Consent Work"). For purposes of this Lease, Systems/Structure Work, Consent Work and Non-Consent Work are sometimes collectively referred to herein as the "Work". Tenant shall pay Landlord's standard charge for review of the plans and all other items submitted by Tenant. Landlord may impose any reasonable conditions it chooses on any such consent it is entitled to give. At the time Tenant submits its plans and specifications for an Alteration to Landlord, Landlord shall advise Tenant whether Landlord will require Tenant to remove at the termination of this Lease, any Alteration or any particular portion thereof; however, Landlord shall not have the right to require Tenant to remove any Non-Consent Work which is considered a normal office improvement such as gypsum board, partitions, ceiling grids and tiles, fluorescent light panels, doors and carpeting. Tenant shall pay for the cost of all Work. At Landlord's option, the Work shall be performed by Landlord's employees or contractors. All Work shall become the property of Landlord upon its installation, except for Tenant's trade fixtures and for items which Landlord requires Tenant to remove at Tenant's cost at the termination of the Lease. The following requirements shall apply to all Work:

(1) Prior to commencement, Tenant shall furnish to Landlord building permits, certificates of insurance satisfactory to Landlord, and, at Landlord's request, a payment and performance bond in form acceptable to Landlord in its reasonable judgment as security for payment of all costs.

(2) Tenant shall perform all Work so as to maintain peace and harmony among other contractors serving the Project and shall use all reasonable efforts to avoid interference with other work to be performed or services to be rendered in the Project.

(3) The Work shall be performed in a good and workmanlike manner, meeting the standard for construction and quality of materials in the Building, and shall comply with all insurance requirements and all applicable laws, ordinances and regulations.

(4) Tenant shall permit Landlord to supervise all Work. Landlord may charge a supervisory fee not to exceed ten percent (10%) of labor, material, and all other costs of the Work, if Tenant's employees or contractors perform the Work.

(5) Upon completion, Tenant shall furnish Landlord with contractor's affidavits and full and final statutory waivers of liens, as-built plans and specifications, and receipted bills covering all labor and materials.

B Electronic Systems If Tenant notifies Landlord that Tenant requires additional electrical or cable capacity for telegraph, telephone, burglar alarm, computer, or signal service, Landlord shall direct how the installation shall be done. Tenant shall make no installation of any kind except in accordance with Landlord's direction. At Landlord's election, Landlord may make the installation itself. Tenant shall pay for the entire cost of both the installation and the service.

C Damage to Systems If any part of the mechanical, electrical or other systems in the Premises shall be damaged, Tenant shall promptly notify Landlord, and Landlord shall repair such damage. Landlord may also at any reasonable time make any repairs or alterations which Landlord deems necessary for the safety or protection of the Project, or which Landlord is required to make by any court or other governmental authority. Tenant shall at its expense make all other repairs necessary to keep the Premises, and Tenant's fixtures and personal property, in good order, condition and repair, to the extent Tenant fails to do so, Landlord may make such repairs itself following notice to Tenant (except in the event of an emergency or a situation reasonably perceived by Landlord to be an emergency). The cost of any repairs made by Landlord on account of Tenant's default, or on account of the mis-use or neglect by Tenant or its invitees, contractors or agents anywhere in the Project, shall become Additional Rent payable on demand by Tenant.

D No Liens Tenant has no authority to cause or permit any lien or encumbrance of any kind to affect Landlord's interest in the Project, any such lien or encumbrance shall attach to Tenant's interest only. If any mechanic's lien shall be filed or claim of lien made for work or materials furnished to Tenant, then Tenant shall at its expense within thirty (30) days thereafter either discharge or contest the lien or claim. If Tenant contests the lien or claim, then Tenant shall (i) within such thirty (30) day period, provide Landlord adequate security for the lien or claim, (ii) contest the lien or claim in good faith by appropriate proceedings that operate to stay its enforcement, and (iii) pay promptly any final adverse judgment entered in any such proceeding. If Tenant does not comply with these requirements, Landlord may discharge the lien or claim, and the amount paid, as well as reasonable attorney's fees and other expenses incurred by Landlord, shall become Additional Rent payable on demand by Tenant.

6 USE OF PREMISES Tenant shall use the Premises only for general office purposes. Tenant shall not allow any use of the Premises which will negatively affect the cost of coverage of Landlord's insurance on the Project. Tenant shall not allow any inflammable or explosive liquids or materials to be kept on the Premises. Tenant shall not allow any use of the Premises which would cause the value or utility of any part of the Premises to diminish or would interfere with any other Tenant or with the operation of the Project by Landlord. Tenant shall not permit any nuisance or waste upon the Premises, or allow any offensive noise or odor in or around the Premises. Tenant shall not place vending or dispensing machines of any kind in the Premises.

7 **GOVERNMENTAL REQUIREMENTS AND BUILDING RULES** Tenant shall comply with all governmental laws or regulations applying to its use of the Premises. Tenant shall also comply with all rules established for the Project from time to time by Landlord. The present rules are contained in Appendix B. Failure by another tenant to comply with the rules or failure by Landlord to enforce them shall not relieve Tenant of its obligation to comply with the rules or make Landlord responsible to Tenant in any way.

8 **WAIVER OF CLAIMS, INDEMNIFICATION, INSURANCE**

A Waiver of Claims To the extent permitted by law, Tenant waives any claims it may have against the Landlord or its officers, directors, agents, contractors or employees for business interruption, damage to property, or any other loss sustained by Tenant as the result of any accident or occurrence in the Project or of any part of the Building becoming in disrepair.

B Indemnification Tenant shall indemnify, defend and hold harmless Landlord, the property manager of the Project and their respective directors, officers, employees, agents and contractors against any claims by any third party for injury to any person or damage to or loss of any property occurring in the Project and arising from the use of the Premises or from any other act or omission of Tenant or any of Tenant's employees, agents, invitees or contractors.

C Insurance Coverage Tenant shall maintain insurance customary for an office tenant, with such terms, coverages and insurers, as Landlord shall reasonably require from time to time. Initially, such insurance shall include:

(1) Commercial General Liability Insurance, with (a) Contractual Liability including the indemnification provisions contained in this Lease, (b) a severability of interest endorsement, (c) limits of not less than Three Million Dollars (\$3,000,000) combined single limit per occurrence for bodily injury, sickness or death, and property damage, and umbrella coverage of not less than Five Million Dollars (\$5,000,000), and (d) Landlord and Landlord's building manager named as additional insureds.

(2) Insurance against "All Risks" of physical loss covering the replacement cost of all of Tenant's fixtures and personal property. Tenant's property insurance shall include a waiver of subrogation.

Tenant's insurance shall be primary and not contributory.

D Insurance Certificates Tenant shall deliver to Landlord certificates and endorsements evidencing all required insurance no later than five (5) days prior to the Commencement Date and each renewal date. Each certificate will provide for the thirty (30) days' prior written notice of cancellation to Landlord and Tenant.

E Landlord's Insurance Coverage Landlord agrees to keep in force at all times during the Term, insurance on the Building against fire and other risks as may be included in standard "all-risk"

casualty insurance, in an amount equal to the replacement cost of the Building but including commercially reasonable deductibles. Such policy may be in blanket form and cover other properties owned or managed by Landlord.

9 FIRE AND OTHER CASUALTY

A Termination If a fire or other casualty causes substantial damage to the Building or the Premises, Landlord shall engage a registered architect to certify within one (1) month of the casualty to both Landlord and Tenant, the amount of time needed to restore the Building and the Premises to tenantability, using standard working methods. If the time needed exceeds twelve (12) months from the beginning of the restoration, or two (2) months thereafter if the restoration would begin during the last eighteen (18) months of the Lease, then in the case of the Premises, either Landlord or Tenant may terminate this lease, and in the case of the Building, Landlord may terminate this Lease, by notice to the other party within ten (10) days after the notifying party's receipt of the architect's certificate. The termination shall be effective thirty (30) days from the date of the notice and Rent shall be paid by Tenant to that date, with an abatement for any portion of the space which has been untenable (which may include untenability caused by damage to a portion of the Building other than the Premises which damage precludes Tenant from using the Premises as intended), commencing as of the date of the casualty.

B Restoration If a casualty causes damage to the Building or the Premises but this Lease is not terminated for any reason, then subject to the rights of any mortgagees or ground lessors, Landlord shall obtain the applicable insurance proceeds and diligently restore the Building and the Premises to a substantially similar functional equivalent (but not necessarily the aesthetic equivalent) of the condition existing prior to the casualty, subject to current governmental requirements. Tenant shall replace its damaged personal property and fixtures. Rent shall be abated on a per diem basis during the restoration for any portion of the Premises which is untenable (which may include untenability caused by damage to a portion of the Building other than the Premises which damage precludes Tenant from using the Premises as intended) except to the extent that Tenant's negligence caused the casualty and Landlord's rent loss insurance would not provide coverage if the Rent were abated.

10 EMINENT DOMAIN If a part of the Project is taken by eminent domain or deed in lieu thereof which is so substantial that the Premises cannot reasonably be used by Tenant for the operation of its business, then either party may terminate this Lease effective as of the date of the taking. If any substantial portion of the Project is taken without affecting the Premises, then Landlord may terminate this Lease as of the date of such taking. Rent shall abate from the date of the taking in proportion to any part of the Premises taken or rendered unusable. The entire award for a taking of any kind shall be paid to Landlord, and Tenant shall have no right to share in the award. Tenant shall have the right to seek payment from any condemning authority for (a) the unamortized value of any improvements to the Premises, to the extent paid for by Tenant, and (b) Tenant's moving and relocation expenses, but only to the extent that such payment shall not diminish the award to be granted to Landlord or otherwise delay or interfere with the proceeding in which Landlord is engaged. All obligations accrued to the date of the taking shall be performed by each party.

11 RIGHTS RESERVED TO LANDLORD

Landlord may exercise at any time any of the following rights respecting the operation of the Project without liability to the Tenant of any kind

A Name To change the name or street address of the Building or the suite numbers of the Premises

B Signs To install and maintain any signs on the exterior and in the interior of the Building, and to approve at its discretion prior to installation any of the Tenant's signs in the Premises visible from the common areas or the exterior of the Building Any sign installed in the Premises shall be installed by the Landlord at Tenant's expense

C Window Treatments To approve, at its discretion, prior to installation any shades, blinds, ventilators or window treatments of any kind, as well as any lighting within the Premises that may be visible from the exterior of the Building

D Service Contracts To enter into service contracts with all providers furnishing ice and drinking water, towels, toilet supplies, shoe shines, sign painting, beverage or food services, or other services to the Premises, provided that the rates charged are reasonably competitive for office buildings in the Chicago area

E Keys To retain and use at any time passkeys to enter the Premises or any door within the Premises Tenant shall not alter or add any lock or bolt

F Access To have access to inspect the Premises, and to perform its obligations, or make repairs, alterations, additions or improvements, as permitted by this Lease Landlord shall provide Tenant with reasonable prior notice of any required access to the Premises, except in the event of an emergency or a situation reasonably perceived by Landlord to be an emergency In the exercise of its rights under this Section 11F, Landlord shall use commercially reasonable efforts to minimize to the extent practicable, any interference with Tenant's use and occupancy of the Premises

G Preparation for Reoccupancy To decorate, remodel, repair, alter or otherwise prepare the Premises for reoccupancy at any time after Tenant abandons the Premises, without relieving Tenant of any obligation to pay Rent

H Heavy Articles To approve the weight, size, placement and time and manner of movement within the Building of any safe or other heavy article of Tenant's property Tenant shall move its property entirely at its own risk

I Show Premises To show the Premises to prospective purchasers or brokers at any reasonable time, and to prospective tenants during the final year of the Term, provided that Landlord gives prior notice to Tenant and does not materially interfere with Tenant's use of the Premises

J Restrict Access To restrict access to the Project during such hours as Landlord shall determine, so long as Landlord shall admit Tenant at all times, subject to appropriate regulation by Landlord

K Intentionally Omitted

L Use of Lockbox, To designate a lockbox collection agent for collections of amounts due Landlord In that case, the date of payment of Rent or other sums shall be the date of the agent's receipt of such payment or the date of actual collection if payment is made in the form of a negotiable instrument thereafter dishonored upon presentment However, if Tenant is in default under this Lease, Landlord may reject any payment for all purposes as of the date of receipt or actual collection by mailing to Tenant within 21 days after such receipt or collection a check equal to the amount sent by Tenant

M Repairs and Alterations To make repairs or alterations to the Project and in doing so transport any required material through the Premises, to close entrances, doors, corridors, elevators and other facilities in the Project, to open any ceiling in the Premises, or to temporarily suspend services or use of common areas in the Building Landlord may perform any such repairs or alterations during ordinary business hours, except that Tenant may require any Lease Term Work in the Premises to be done after business hours if Tenant pays Landlord for overtime and any other expenses incurred Landlord may do or permit any work on any nearby building, land, street, alley or way Landlord shall use commercially reasonable efforts to minimize, to the extent practicable, any interference with Tenant's use and occupancy of the Premises as a result of Landlord's activities under this Section 11 M

N Landlord's Agents If Tenant is in default under this Lease, possession of Tenant's funds or negotiation of Tenant's negotiable instrument by any of Landlord's agents shall not waive any breach by Tenant or any remedies of Landlord under this Lease

O Building Services, To install, use and maintain through the Premises, pipes, conduits, wires and ducts serving the Building, provided that such installation, use and maintenance does not unreasonably interfere with Tenant's use of the Premises

P Exclusive Uses To grant to anyone the exclusive right to conduct any business or render any service in the Building

Q Other Actions To take any other action which Landlord deems reasonable in connection with the operation, maintenance or preservation of the Building, provided that in taking any such action Landlord uses commercially reasonable efforts to minimize, to the extent practicable, any interference with Tenant's use and occupancy of the Premises

12 TENANT'S DEFAULT

Any of the following shall constitute a default by Tenant

A Rent Default Tenant fails to pay any Rent when due and this failure continues for five business days after written notice from Landlord,

B Assignment/Sublease or Hazardous Substances Default Tenant defaults in its obligations under Section 17 (Assignment and Sublease) or Section 28 (Hazardous Substances),

C Other Performance Default Tenant fails to perform any other obligation to Landlord under this Lease, and, this failure continues for thirty (30) days after written notice from Landlord, except that if Tenant begins to cure its failure within the thirty (30) day period but cannot reasonably complete its cure within such period, then the thirty (30) day period shall be extended to ninety (90) days, or such lesser period as is reasonably necessary to complete the cure,

D Credit Default One of the following credit defaults occurs

(1) Tenant commences any proceeding under any law relating to bankruptcy, insolvency, reorganization or relief of debts, or seeks appointment of a receiver, trustee, custodian or other similar official for the Tenant or for any substantial part of its property, or any such proceeding is commenced against Tenant and either remains undismissed for a period of sixty (60) days or results in the entry of an order for relief against Tenant which is not fully stayed within sixty (60) days after entry,

(2) Tenant becomes insolvent or bankrupt, does not generally pay its debts as they become due, or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors, or

(3) Any third party obtains a levy or attachment under process of law against Tenant's leasehold interest which is not stayed or dismissed within thirty (30) days

13 LANDLORD REMEDIES

A Termination of Lease or Possession If Tenant defaults, Landlord may elect by notice to Tenant either to terminate this Lease or to terminate Tenant's possession of the Premises without terminating this Lease. In either case, Tenant shall immediately vacate the Premises and deliver possession to Landlord, and Landlord may repossess the Premises and may remove any of Tenant's signs and any of its other property, without relinquishing its right to receive Rent or any other right against Tenant

B Lease Termination Damages If Landlord terminates the Lease, Tenant shall pay to Landlord all Rent due on or before the date of termination, plus Landlord's reasonable estimate of the aggregate Rent that would have been payable from the date of termination through the Termination Date, reduced by the rental value of the Premises calculated as of the date of termination for the same period, taking into account reletting expenses and market concessions, both discounted to present value at the rate of five (5) percent per annum. If Landlord shall relet any part of the Premises for any part of such period before such present value amount shall have been paid by Tenant or finally determined by a court, then the amount of Rent payable pursuant to such reletting shall be deemed to be the reasonable rental value for that portion of the Premises relet during the period of the reletting

C Possession Termination Damages If Landlord terminates Tenant's right to possession without terminating the Lease and Landlord takes possession of the Premises itself, Landlord may relet any part of the Premises for such Rent, for such time, and upon such terms as Landlord in its sole discretion

shall determine, without any obligation to do so prior to renting other vacant areas in the Building. Any proceeds from reletting the Premises shall first be applied to the expenses of reletting, including redecoration, repair, alteration, advertising, brokerage, legal, and other reasonably necessary expenses. If the reletting proceeds after payment of expenses are insufficient to pay the full amount of Rent under this Lease, Tenant shall pay such deficiency to Landlord monthly upon demand as it becomes due for the balance of the Term. Any excess proceeds shall be retained by Landlord.

D Landlord's Remedies Cumulative All of Landlord's remedies under this Lease shall be in addition to all other remedies Landlord may have at law or in equity. Waiver by Landlord of any breach of an obligation by Tenant shall be effective only if it is in writing, and shall not be deemed a waiver of any other breach, or any subsequent breach of the same obligation. Landlord's acceptance of payment by Tenant shall not constitute a waiver of any breach by Tenant, and if the acceptance occurs after Landlord's notice to Tenant, or termination of the Lease or of Tenant's right to possession, the acceptance shall not affect such notice or termination. Acceptance of payment by Landlord after commencement of a legal proceeding or final judgment shall not affect such proceeding or judgment.

E WAIVER OF TRIAL BY JURY EACH PARTY WAIVES TRIAL BY JURY IN THE EVENT OF ANY LEGAL PROCEEDING BROUGHT BY THE OTHER IN CONNECTION WITH THIS LEASE. EACH PARTY SHALL BRING ANY ACTION AGAINST THE OTHER IN CONNECTION WITH THIS LEASE IN A FEDERAL OR STATE COURT LOCATED IN CHICAGO, ILLINOIS, CONSENTS TO THE JURISDICTION OF SUCH COURTS, AND WAIVES ANY RIGHT TO HAVE ANY PROCEEDING TRANSFERRED FROM SUCH COURTS ON THE GROUND OF IMPROPER VENUE OR INCONVENIENT FORUM.

F Litigation Costs Tenant shall pay Landlord's reasonable attorneys' fees and other costs in enforcing this Lease, whether or not suit is filed.

G Assumption or Rejection in Bankruptcy If Tenant is adjudged bankrupt, or a trustee in bankruptcy is appointed for Tenant, Landlord and Tenant, to the extent permitted by law, agree to request that the trustee in bankruptcy determine within sixty (60) days thereafter whether to assume or to reject this Lease.

14 SURRENDER Upon termination of this Lease or Tenant's right to possession, Tenant shall return the Premises to Landlord in good order and condition, ordinary wear and casualty damage excepted. If Landlord requires Tenant to remove any alterations, then Tenant shall remove the alterations in a good and workmanlike manner and restore the Premises to its condition prior to their installation, ordinary wear and tear excepted.

15 HOLDOVER If Tenant retains possession of any part of the Premises after the Term, Tenant shall become a month-to-month tenant upon all of the terms of this Lease as might be applicable to such month-to-month tenancy, except that Tenant shall pay all of Base Rent at 150% of the rate in effect immediately prior to such holdover, computed on a monthly basis for each full or partial month Tenant remains in possession. If Tenant holds over, Tenant shall also pay Landlord all of Landlord's direct and consequential damages. No acceptance of Rent or other payments by Landlord under these holdover

provisions shall operate as a waiver of Landlord's right to regain possession or any other of Landlords remedies

16 SUBORDINATION TO GROUND LEASES AND MORTGAGES

A Subordination This Lease shall be subordinate to any present or future ground lease or mortgage respecting the Project, and any amendments to such ground lease or mortgage, at the election of the ground lessor or mortgagee as the case may be, effected by notice to Tenant in the manner provided in this Lease. The subordination shall be effective upon such notice, but at the request of Landlord or ground lessor or mortgagee, Tenant shall within ten (10) days of the request, execute and deliver to the requesting party any reasonable documents provided to evidence the subordination. At any time that the Project is made subject to any ground lease or mortgage, Landlord shall use reasonable efforts to cause the mortgagee or ground lessor to deliver to Tenant a non-disturbance agreement reasonably acceptable to Tenant, providing that so long as Tenant is not in default under this Lease beyond the expiration of any applicable curative period, Tenant may remain in possession of the Premises under the terms of this Lease, even if the ground lessor should terminate the ground lease or the mortgagee or its successor should acquire Landlord's title to Project.

B Termination of Ground Lease or Foreclosure of Mortgage If any mortgage is foreclosed or if any ground or underlying lease is terminated, (i) the holder of the mortgage, ground lessor, or their respective grantees, or purchaser at any foreclosure sale (or grantee in a deed in lieu of foreclosure), as the case may be, shall not be (x) liable for any act or omission of any prior landlord (including Landlord), (y) subject to any offsets or counterclaims which Tenant may have against a prior landlord (including Landlord), or (z) bound by any prepayment of any of Base Rent, Operating Cost Share Rent, Tax Share Rent or Additional Rent which Tenant may have made in excess of the amounts then due for the next succeeding month, (ii) the liability of the ground lessor, mortgagee or trustee hereunder or purchaser at such foreclosure sale or the liability of a subsequent owner designated as Landlord under this Lease shall exist only so long as such ground lessor, trustee, mortgagee, purchaser or owner is the owner of the Building or Land and such liability shall not continue or survive after further transfer of ownership, and (iii) upon request of the ground lessor, mortgagee or trustee, if the mortgage is foreclosed or the ground or underlying lease is terminated, Tenant will attorn, as Tenant under this Lease, to the purchaser at any foreclosure sale under any mortgage or the ground lessor, if applicable, and Tenant will execute such instruments as may be necessary or appropriate to evidence such attornment. This Lease may not be modified or amended so as to reduce the rent or shorten the Term provided hereunder, or so as to affect adversely in any other respect to any material extent the rights of Landlord, nor shall this Lease be canceled or surrendered, without the prior written consent, in each instance, of the mortgagee or trustee under any Mortgage or the ground lessor, if applicable.

C Security Deposit Any ground lessor or mortgagee shall be responsible for the return of any security deposit by Tenant only to the extent the security deposit is received by such ground lessor or mortgagee.

D Notice and Right to Cure The Project is subject to any ground lease and mortgage identified with name and address of ground lessor or mortgagee in Appendix D to this Lease. Tenant agrees to send by registered or certified mail to any ground lessor or mortgagee identified either in such Appendix

or in any later notice from Landlord to Tenant a copy of any notice of default sent by Tenant to Landlord. If Landlord fails to cure such default within the required time period under this Lease, but ground lessor or mortgagee begins to cure within twenty (20) days after such period and proceeds diligently to complete such cure, then the ground lessor or mortgagee shall have such additional time as is necessary to complete such cure, including any time necessary to obtain possession if possession is necessary to cure, and Tenant shall not begin to enforce its remedies so long as the cure is being diligently pursued.

E Modification Required by Mortgagee. If any prospective mortgagee requires a modification of this Lease, which modification will not cause any increased cost or expense to Tenant or in any other way materially change the rights and obligations of Tenant hereunder, this Lease may be so modified and Tenant shall execute whatever documents are required therefor and deliver the same to Landlord within ten (10) days following the request therefor.

F Definitions. As used in this Section 16, "mortgage" shall include "trust deed's and "mortgagee" shall include "trustee", "mortgagee" shall include the mortgagee of any ground lessee, and "ground lessors", "mortgagee", and "purchaser at a foreclosure sale" shall include, in each case, all of its successors and assigns, however remote.

17 ASSIGNMENT AND SUBLEASE

A Consent Required. Tenant shall not, without the prior consent of Landlord in each case, (i) make or allow any assignment or transfer, by operation of law or otherwise, of any part of Tenant's interest in this Lease, (ii) grant or allow any lien or encumbrance, by operation of law or otherwise, upon any part of Tenant's interest in this Lease, (iii) sublet any part of the Premises, or (iv) permit anyone other than Tenant and its employees to occupy any part of the Premises. Landlord may withhold its consent to the assignment or sublease if Tenant is in default under this Lease, if the proposed assignee or sublessee is a tenant in the Project or an affiliate or such a tenant or if the financial responsibility, nature of business, and character of the proposed assignee or subtenant are not all reasonably satisfactory to Landlord. Landlord will not otherwise unreasonably withhold its consent on any other basis to such an assignment or subletting. Notwithstanding the foregoing and if no default on the part of Tenant has occurred and is continuing, Tenant may assign this Lease or sublet all or any part of the Premises to any entity (hereinafter, an "Affiliate") (i) into which Tenant is merged or consolidated (ii) to which substantially all of Tenant's assets are transferred, or (iii) which controls, is controlled by or is under common control with Tenant or Tenant's parent company without first obtaining Landlord's consent, if Tenant notifies Landlord not less than ten (10) business days after the applicable transaction by providing Landlord with all of the information referenced in Section 17B below. No consent granted by Landlord and no assignment or sublease without Landlord's consent as provided immediately above, shall relieve Tenant of any of its obligations under this Lease, nor shall it be deemed to be a consent to any subsequent assignment or transfer, lien or encumbrance, sublease or occupancy. Tenant shall pay all of Landlord's reasonable attorneys' fees and other expenses incurred in connection with any consent requested by Tenant or in reviewing any proposed assignment or subletting. Except as expressly permitted above, any assignment or transfer, grant of lien or encumbrance, or sublease or occupancy without Landlord's prior written consent shall be void.

B Procedure Tenant shall notify Landlord of any proposed assignment or sublease at least sixty (60) days prior to its proposed effective date. The notice shall include the name and address of the proposed assignee or subtenant, its corporate affiliates in the case of a corporation and its partners in a case of a partnership, an execution copy of the proposed assignment or sublease, and sufficient information to permit Landlord to determine the financial responsibility and character of the proposed assignee or subtenant. As a condition to any effective assignment of this Lease, the assignee shall execute and deliver in form satisfactory to Landlord at least fifteen (15) days prior to the effective date of the assignment, an assumption of all of the obligations of Tenant under this Lease. As a condition to any effective sublease, subtenant shall execute and deliver in form satisfactory to Landlord at least fifteen (15) days prior to the effective date of the sublease, an agreement to comply with all of Tenant's obligations under this Lease, and at Landlord's option, an agreement (except for the economic obligations which subtenant will undertake directly to Tenant) to accorn to Landlord under the terms of the sublease in the event this Lease terminates before the sublease expires. Notwithstanding the foregoing to the contrary, with respect to an assignment or sublease to Affiliate, Tenant shall provide the information referenced in this Section 17B within ten (10) days after the applicable transaction.

C Change of Management or Ownership In the event that Tenant is a privately held corporation, any transfer of the direct or indirect power to affect the management or policies of Tenant or direct or indirect change in 51 % or more of the ownership interest in Tenant shall constitute an assignment of this Lease.

D Excess Payments If Tenant shall assign this Lease or sublet any part of the Premises for consideration in excess of the pro-rata portion of Rent applicable to the space subject to the assignment or sublet, then Tenant shall pay to Landlord as Additional Rent any such excess (less reasonable and customary costs incurred by Tenant in connection with such transaction) immediately upon receipt.

E Landlord's Right to Terminate After Landlord receives a notice of a proposed assignment or sublease from Tenant requiring Landlord's consent, Landlord shall have the right, to be exercised by giving written notice to Tenant within thirty (30) days after receipt of Tenant's notice, to recapture the space described in Tenant's notice and such recapture notice, if given, shall terminate this Lease with respect to the space therein described as of the date stated in Tenant's notice. In response to such recapture notice, Tenant may withdraw its notice of proposed assignment or sublease by written notice to Landlord within ten (10) days after Landlord gives notice of recapture. If Tenant's notice covers all of the Premises, and if Landlord gives its recapture notice with respect thereto, the Term of this Lease shall expire on the date stated in Tenant's notice as fully and completely as if that date had been the Termination Date, provided that Tenant does not withdraw the notice as provided above. If, however, this Lease is terminated pursuant to the foregoing with respect to less than the entire Premises, Rent shall be adjusted on the basis of the number of rentable square feet retained by Tenant, and this Lease as so amended shall continue thereafter in full force and effect, provided that Tenant shall pay all costs in connection with the physical subdivision of any portion of the Premises.

18 CONVEYANCE BY LANDLORD If Landlord shall at any time transfer its interest in the Project or this Lease, Landlord shall be released of any obligations occurring after such transfer, except the obligation to return to Tenant any security deposit not delivered to its transferee, and Tenant shall look solely to Landlord's successors for performance of such obligations. This Lease shall not be affected by any such transfer.

19 **ESTOPPEL CERTIFICATE** Each party shall, within ten (10) days of receiving a request from the other party, execute, acknowledge in recordable form, and deliver to the other party or its designee a certificate stating, subject to a specific statement of any applicable exceptions, that the Lease as amended to date is in full force and effect, that the Tenant is paying Rent and other charges on a current basis, and that to the best of the knowledge of the certifying party, the other party has committed no uncured defaults and has no offsets or claims. The certifying party may also be required to state the date of commencement of payment of Rent, the Commencement Date, the Termination Date, the Base Rent, the current Operating Cost Share Rent and Tax Share Rent estimates, the status of any improvements required to be completed by Landlord, and such other matters as may be reasonably requested. Failure to deliver such statement within the time required shall be conclusive evidence against the non-certifying party that this Lease, with any amendments identified by the requesting party, is in full force and effect, that there are no uncured defaults by the requesting party, that not more than one month's Rent has been paid in advance, and that the non-certifying party has no claims or offsets against the requesting party.

20 **SECURITY DEPOSIT** Tenant shall deposit with Landlord on the date of this Lease, as security for the performance of all of its obligations hereunder, the amount set forth on the Schedule. If Tenant defaults under this Lease and such default continues after the expiration of any applicable curative period, Landlord may use any part of the Security Deposit to make any defaulted payment, to pay for Landlord's cure of any defaulted obligation, or to compensate Landlord for any loss or damage resulting from any default. To the extent any portion of the deposit is used, Tenant shall within ten (10) business days after demand from Landlord restore the deposit to its full amount. Landlord may keep the Security Deposit in its general funds and shall not be required to pay interest to Tenant on the deposit amount. Within ten (10) business days after Tenant's return of the Premises to Landlord at the end of the Term, and performance of all of Tenant's obligations hereunder, Landlord shall return all of the remaining Security Deposit to Tenant. The Security Deposit shall not serve as an advance payment of Rent or a measure of Landlord's damages for any default under this Lease. If Landlord transfers its interest in the Project or this Lease, Landlord may transfer the Security Deposit to its transferee. Upon such transfer, Landlord shall have no further obligation to return the Security Deposit to Tenant, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee.

21 **FORCE MAJEURE** If either party fails to perform timely any of the terms, covenants or conditions of this Lease to be performed by such party and such failure is due and whole in part to any strike, lockout, labor trouble, civil disorder, inability to procure materials, failure of power, governmental preemption or prescription, riots, insurrections, war, national emergency or any other cause of any kind beyond the reasonable control of such party, then such party shall not be deemed in default under this Lease as a result of such failure and any time for performance provided for herein, shall be extended by the period of delay resulting from such cause, provided, however, that in no event shall any of the foregoing ever be deemed to excuse a failure to pay Rent or other monetary obligations due hereunder by Tenant in accordance with the requirements of this Lease.

22 **INTENTIONALLY OMITTED**

23 **NOTICES** All notices, consents, approvals and similar communications to be given by one party to the other under this Lease, shall be given in writing, mailed or personally delivered as follows:

A Landlord To Landlord as follows

CB/KOLL Management Services, Inc
111 E Wacker Drive
Chicago, Illinois 60601
Attn General Manager

or to such other person at such other address as Landlord may designate by notice to Tenant

B Tenant To Tenant at the address stated in the Schedule until Tenant takes possession of the Premises, and thereafter at the Premises, with a copy to the address stated in the Schedule or such other address as Tenant may designate by notice to Landlord

Mailed notices shall be sent by United States certified or registered mail, or by a reputable national overnight courier service, postage prepaid Mailed notices shall be deemed to have been given on the earlier of actual delivery or three (3) business days after posting in the United States mail in the case of registered or certified mail, and one business day in the case of overnight courier

24 QUIET POSSESSION So long as Tenant shall perform all of its obligations under this Lease, Tenant shall enjoy peaceful and quiet possession of the Premises against any party claiming through the Landlord

25 REAL ESTATE BROKER Each party represents to the other that it has not dealt with any real estate broker with respect to this Lease except for CB/KOLL Management Services, Inc and any broker listed in the Schedule and no other broker is in any way entitled to any broker's fee or other payment in connection with this Lease Each party shall indemnify and defend the other against any claims by any other broker or third party resulting from the actions of the indemnifying party for any payment of any kind in connection with this Lease

26 MISCELLANEOUS

A Successors and Assigns Subject to the limits on Tenant's assignment contained in Section 14, the provisions of this Lease shall be binding upon and inure to the benefit of all successors and assigns of Landlord and Tenant

B Date Payments are Due Except for payments to be made by Tenant under this Lease which are due upon demand, Tenant shall pay to Landlord any amount for which Landlord renders a statement of account within ten business days of Tenant's receipt of Landlord's statement

C Meaning of "Landlord", "Re-Entry", "including" and "Affiliate" The term "Landlord" means only the owner of the Project and the lessor's interest in this Lease from time to time The words "re-entry" and "re-enter" are not restricted to their technical legal meaning The words "including" and similar words shall mean "without limitation" The word "affiliate" shall mean a person or entity controlling, controlled by or under common control with the applicable entity "Control" shall mean the

power directly or indirectly, by contract or otherwise, to direct the management and policies of the applicable entity

D Time of the Essence Time is of the essence of each provision of this Lease

E No Option This document shall not be effective for any purpose until it has been executed and delivered by both parties, execution and delivery by one party shall not create any option or other right in the other party

F Severability The unenforceability of any provision of this Lease shall not affect any other provision

G Governing Law This Lease shall be governed in all respects by the laws of Illinois, without regard to the principles of conflicts of laws

H No Oral Modification No modification of this Lease shall be effective unless it is a written modification signed by both parties

I Landlord's Right to Cure If Landlord breaches any of its obligations under this Lease, Tenant shall notify Landlord and shall take no action respecting such breach so long as Landlord immediately begins to cure the breach and diligently pursues such cure to its completion. Landlord may cure any default by Tenant after expiration of any applicable curative period (except in the event of an emergency or a situation reasonably perceived by Landlord to be an emergency, in which case Landlord may act immediately), any expenses incurred by Landlord in curing such default shall become Additional Rent due from Tenant on demand by Landlord

J Captions The captions used in this Lease shall have no effect on the construction of this Lease

K Authority Landlord and Tenant each represents to the other that it has full power and authority to execute and perform this Lease

L Landlord's Enforcement of Remedies Landlord may enforce any of its remedies under this Lease either in its own name or through an agent

M Entire Agreement This Lease, together with all Appendices, constitutes the entire agreement between the parties. No representations or agreements of any kind have been made by either party which are not contained in this Lease

N Landlord's Title Landlord's title shall always be paramount to the interest of the Tenant, and nothing in this Lease shall empower Tenant to do anything which might in any way impair Landlord's title

O Light and Air Rights Landlord does not grant in this Lease any rights to light and air in connection with Project. Landlord reserves to itself, the Land, the Building below the improved floor of

each floor of the Premises, the Building above the ceiling of each floor of the Premises, the roof decks, the exterior of the Premises and the areas on the same floor outside the Premises, along with the areas within the Premises required for the installation and repair of utility lines and other items required to serve other tenants of the Building

P Consents Neither party shall unreasonably withhold, condition or delay any consent or approval required under this Lease, except as specifically permitted in this Lease

Q Singular and Plural Wherever appropriate in this Lease, a singular term shall be construed to mean the plural where necessary, and a plural term the singular. For example, if at any time two parties shall constitute Landlord or Tenant, then the relevant term shall refer to both parties together

R No Recording by Tenant Tenant shall not record in any public records any memorandum or any portion of this Lease

S Exclusivity Landlord does not grant to Tenant in this Lease any exclusive right except the right to occupy its Premises

T No Construction Against Drafting Party The rule of construction that ambiguities are resolved against the drafting party shall not apply to this Lease

U Survival Any and all duties, debts, covenants, agreements, obligations or liabilities of Landlord or Tenant hereunder which by their nature are intended or required to be performed, kept, paid or otherwise observed after the Termination Date, the expiration of the Lease or the Term or any termination thereof (for whatever reason), shall survive the Termination Date or any expiration of the Term or this Lease, regardless of whether or not so provided therein

V Rent Not Based on Income No rent or other payment in respect of the Premises shall be based in any way upon net income or profits from the Premises. Tenant may not enter into or permit any sublease or license or other agreement in connection with the Premises which provides for a rental or other payment based on net income or profit

W Building Manager and Service Providers Landlord may perform any of its obligations under this Lease through its employees, the building manager of the Project, or third parties hired by the Landlord or the building manager. Upon the request of Landlord, Tenant shall enter into a contract approved by Landlord as to form and content with the building manager of the Project or third parties designated by Landlord for the furnishing of such services, provided that no such contract shall require Tenant to make more payments or accept fewer services than Tenant is entitled to under this Lease or otherwise materially and adversely affect Tenant's rights and obligations under this Lease

X Interest on Late Payments Interest shall be paid by Tenant to Landlord on any late payments of Rent from the date due until paid at the rate provided in Section 2D(2)

Y Representations Tenant represents and warrants that this Lease has been duly authorized, executed and delivered by Tenant and constitutes the valid agreement of Tenant, binding in accordance

with the terms hereof If Tenant is a corporation and if Landlord so requests, Tenant shall deliver to Landlord or its agent, concurrently with its execution and delivery of this Lease, certified resolutions of the Board of Directors (and shareholders, if required) authorizing Tenant's execution and delivery of this Lease and performance of Tenant's obligations hereunder If Tenant is a partnership, Tenant represents and warrants that all of the persons who are a general or managing partner in the partnership have executed this Lease, and that each of them, and each future general or managing partner of Tenant, shall be at all times jointly and severally liable hereunder, and that the death, resignation or withdrawal of any such partner shall not release the liability of such partner unless Landlord consents in writing to such release

27 **UNRELATED BUSINESS INCOME** If Landlord is advised by its counsel at any time that any part of the payments by Tenant to Landlord under this Lease may be characterized as unrelated business income under the United States Internal Revenue Code and its regulations, then Tenant shall enter into any amendment proposed by Landlord to avoid such income, so long as the amendment does not require Tenant to make more payments or accept fewer services from Landlord, than this Lease provides or otherwise materially and adversely affect Tenant's rights and obligations under this Lease

28 **HAZARDOUS SUBSTANCES** With the exception of reasonable amounts of products typically used in connection with office operations which fall within the definition of Hazardous Substances as hereinafter provided (e g , photocopier toner and reasonable amounts of household cleaning materials) which Tenant may use without obtaining Landlord's consent, provided that Tenant uses such Hazardous Substances in strict compliance with Environmental Laws and other applicable laws, codes, ordinances and insurance regulations, Tenant shall not cause or permit any Hazardous Substances to be brought upon, produced, stored, used, discharged or disposed of in or near the Project unless Landlord has consented to such storage or use in its sole discretion "Hazardous Substances" include those hazardous substances described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U S C Section 9601 et seq , the Resource Conservation and Recovery Act, as amended, 42 U S C Section 6901 et seq , any other applicable federal, state or local law, and the regulations adopted under these laws If any lender or governmental agency shall require testing for Hazardous Substances in the Premises, Tenant shall pay for such testing unless such Hazardous Substances were located in the Premises prior to the date of this Lease

29 **EXCULPATION** Landlord shall have no personal liability under this Lease, its liability shall be limited to its interest in the Project, and shall not extend to any other property or assets of the Landlord

30 **AMERICANS WITH DISABILITIES ACT** The parties acknowledge that the Americans With Disabilities Act of 1990 (42 U S C §12101 et seq) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "ADA") establish requirements under Title III of the ADA ("Title III") pertaining to business operations, accessibility and barrier removal, and that such requirements may be unclear and may or may not apply to the Premises and the Building depending on, among other things, whether (1) Tenant's business operations are deemed a "place of public accommodation" or a "commercial facility," (2) compliance with such requirements is "readily achievable" or "technically infeasible," and (3) a given alteration affects a "primary function area" or triggers so-called "path of travel" requirements Tenant has been provided an opportunity to inspect the Premises and the Building sufficient to determine whether or

not the Premises and the Building in their condition current as of the date hereof deviate in any manner from the ADA Accessibility Guidelines ("ADAAG") or any other requirements under the ADA pertaining to the accessibility of the Premises or the Building. Except as may otherwise be specifically provided herein, Tenant accepts the Building in "as-is" condition and agrees that Landlord makes no representation or warranty as to whether the Premises or the Building conform to the requirements of the ADAAG or any other requirements under the ADA pertaining to the accessibility of the Premises or the Building. Tenant has prepared or reviewed the plans and specifications for the initial preparation of the Premises for Tenant's use and occupancy and has independently determined that such plans and specifications are in conformance with the ADAAG and any other requirements of the ADA. To the extent that Landlord prepared, reviewed or approved any of those plans and specifications, such action shall in no event be deemed any representation or warranty that the same comply with any requirements of the ADA. Notwithstanding anything to the contrary in this Lease, the parties hereby allocate responsibility for Title III compliance as follows: (a) Tenant shall be responsible for all Title III compliance and costs in connection with the Premises, including structural work, if any, and including any leasehold improvements or other work to be performed under or in connection with this Lease, (b) Landlord shall perform, and Tenant shall be responsible for the cost of, any so-called Title III "path of travel" requirements triggered by construction activities or alterations in the Premises, and (c) Landlord shall perform and be responsible for the cost of, any so-called Title III "Path of Travel" requirements with respect to the common areas of the Building which are not triggered by any construction activities or alterations in the Premises. Landlord shall not be obligated to undertake any work pursuant to this Section 30 until such time as work is specifically ordered by the governmental authority responsible for administering the ADA (and Landlord has exhausted or waived all appeals). Except as set forth above with respect to Landlord's Title III obligations, Tenant shall be solely responsible for all other requirements under the ADA relating to the Tenant or any affiliates or persons or entities related to the Tenant (collectively, "Affiliates"), operations of the Tenant or Affiliates, or the Premises, including, without limitation, requirements under Title I of the ADA pertaining to Tenant's employees.

31 TEMPORARY PREMISES Landlord shall within seven (7) days after Landlord delivers a fully-executed copy of this Lease to Tenant, make available to Tenant for Pre-Commencement Date occupancy approximately 2,000 rentable square feet of space in the Building (the "Temporary Premises"). Tenant shall be permitted to occupy the Temporary Premises rent free until the Commencement Date. All of the terms of this Lease shall apply to the Temporary Premises (except Section 2 and Appendix C). Tenant shall deliver possession of the Temporary Premises to Landlord in accordance with the requirements of Section 3 of this Lease upon the Commencement Date. In the event that Tenant fails to so deliver possession of the Temporary Premises to Landlord, Landlord may exercise any available legal and equitable remedies against Tenant. Upon thirty (30) days' prior notice to Tenant, Landlord may one-time only, require Tenant to relocate the Temporary Premises to a different location within the Building substantially equal in size, at Tenant's expense.

32 PARKING (a) Landlord hereby leases to Tenant and Tenant hereby accepts, subject to the remaining provisions of this Section 32 and the other provisions of this Lease, three (3) unreserved parking spaces (the "Spaces") for which Tenant shall pay the then current rental rate for spaces in the Building parking garage. As of the date of this Lease, the monthly rental payable with respect to the Spaces is \$190.00, however, such rental rate shall be subject to increases so that the rent for the Spaces throughout the Term shall be at the then current rental rates prevailing in the Building parking garage from

time to time. Such rent shall be deemed Additional Rent under this Lease. The rent for the Spaces shall be payable monthly to Landlord or if Landlord so designates, to the operator of the parking garage, on the first (1st) day of each calendar month, without any set-off or deduction whatsoever.

(b) Tenant may cancel its right to use any of the Spaces by giving not less than fifteen (15) days prior written notice to Landlord and the parking garage operator. Tenant shall forfeit its right to use the Spaces if this Lease is terminated at any time. Tenant agrees that if it cancels its right to use any of the Spaces pursuant to the foregoing or loses its right to use the Spaces as provided above, Landlord shall have no obligation (other than to place Tenant on Landlord's regular waiting list) to make available to Tenant any other parking spaces. Tenant understands, as provided herein, that Tenant will have no further rights to any parking spaces which Tenant cancels or forfeits its right to use.

(c) Tenant's rights to use the Spaces may not be assigned or subleased, other than to an approved assignee or subtenant of Tenant under this Lease and the Spaces shall be solely for the usage of Tenant, its subtenants and assignees as aforesaid and their respective employees, agents and invitees. The provisions of Section 32 of this Lease shall apply to parking and to the parking garage and property therein. Tenant may be required to periodically execute parking agreements with the operator from time to time of the parking garage.

(d) Notwithstanding any of the foregoing, Landlord shall not be required to provide parking at any time which Landlord is prohibited by any governmental authority from operating or permitting a parking garage operator to operate a parking garage in the Building, during a temporary closing of the garage or when the parking garage is inaccessible or unusable by reason of fire, other casualty, act of God, or any other reason beyond Landlord's control.

33 RIGHT OF FIRST OFFER TO LEASE. Subject to Subsections A, B and C below, and subject to any rights and options existing as of the date of this Lease of any current tenant in the Building, including, without limitation, the right of first offer of Golin-Harris Communications, Inc. (collectively, a "Prior Tenant"), Landlord hereby grants to Tenant for the first ten (10) Lease Years of the Term, a right of first offer to lease with respect to any part of the rentable area on the 12th floor of the Building not originally demised to Tenant under this Lease (collectively, the "ROFO Space"), to be exercised in accordance with Subsection A below.

A. If any ROFO Space becomes available for lease to anyone other than a Prior Tenant, Landlord shall so notify Tenant ("Landlord's ROFO Notice") identifying the available ROFO Space (the "Subject ROFO Space"). Landlord's ROFO Notice may be given up to sixteen (16) months in advance of such availability and shall contain the terms upon which Landlord intends to offer in good faith the Subject ROFO Space for lease to the market. Tenant shall notify Landlord within ten (10) business days of receipt of Landlord's ROFO Notice whether it desires to lease the Subject ROFO Space on the terms set forth in Landlord's ROFO Notice. If Tenant does not notify Landlord within said 10-business day period that it will lease the Subject ROFO Space, Tenant shall be deemed to have refused the Subject ROFO Space. After any refusal, Tenant shall have no further right of first offer for such Subject ROFO Space and Landlord shall be free to lease such space to any party for any term. If Tenant exercises its right of first offer with respect to the Subject ROFO Space, such space shall be added to the Premises for all purposes of this Lease for the remaining Term (but in no event less than three (3) Lease Years) on (a) the terms specified in

Landlord's ROFO Notice, and (b) the terms of this Lease to the extent that they do not conflict with the terms specified in Landlord's ROFO Notice

B Tenant's right of first offer is subject to the conditions that (i) on the date that Tenant delivers its notice exercising its right of first offer and as of the commencement of Tenant's rental of the Subject ROFO Space, Tenant is not in default under this Lease, and (ii) Tenant shall not have assigned the Lease or sublet any portion of the Premises to a party other than an Affiliate as permitted under Section 17A

C Promptly after Tenant's exercise of its right of first offer, Landlord and Tenant shall execute and deliver an amendment to the Lease to reflect changes in the Premises, Base Rent, Tenant's Proportionate Share and any other appropriate terms changed by the addition of the ROFO Space

34 EXTENSION OPTION Subject to Paragraphs B and C below, Tenant may at its option extend the Term of this Lease for the entire Premises for one period of five (5) years (the "Renewal Term") upon the same terms contained in this Lease, excluding the provisions of Sections 33 and this Section 34 and Appendix C of this Lease and except for the amount of Base Rent payable during the Renewal Term Tenant shall have no additional extension option If Tenant exercises the Extension Option, each of the five (5) years of the Renewal Term shall be considered a separate Lease Year

A The Base Rent during the Renewal Term shall be the greater of (i) the Base Rent applicable to the last day of the final Lease Year prior to the commencement of the Renewal Term, or (ii) the Market Renewal Rate for a comparable term commencing on the first day of the Renewal Term

B To exercise its option Tenant must deliver an initial non-binding notice to Landlord not less than twelve (12) months prior to the proposed commencement of the Renewal Term Thereafter, both parties shall calculate their respective good faith estimates of the Market Renewal Rate and notify the other of such determination not less than 11 calendar months prior to the expiration of the Term, and then unless Tenant gives Landlord written notice revoking Tenant's exercise of the Extension Option within ten (10) days of Landlord's notice of Landlord's estimate of the Market Renewal Rate, the terms of Section 35 shall apply as to the procedure for determining the Market Renewal Rate

C Tenant's option to extend this Lease is subject to the conditions that on the date that Tenant delivers its initial non-binding notice and final binding notice exercising the Extension Option and as of the commencement of the Renewal Term, (i) Tenant is not in default under this Lease, (ii) Tenant shall not have assigned this Lease or sublet any portion of the Premises to a party other than an Affiliate as permitted under Section 17A, and (iii) this Lease has not been terminated and is in full force and effect

D For purposes of this Lease, the following terms shall have the following meanings

"Comparable Building" shall mean office buildings in downtown Chicago which are comparable to the Building in reputation, quality, age, size, location, and level and quality of services provided (the foregoing factors not being exclusive in identifying comparable buildings)

"Market Renewal Rate" shall be the then prevailing market rental rate, including Tenant Concessions, at which a financially responsible landlord and tenant would agree in an arm's-length transaction to a lease of all of the Premises for the Renewal Term

"Comparable" shall mean any new lease or renewal lease (but not sublease) of office space in excess of the number of rentable square feet Tenant occupies in the Premises as of the date Tenant delivers its initial non-binding written notice to Landlord of its election to extend or expand, as applicable, at the Building or any Comparable Building. Comparables shall exclude any expansion or renewal at a rent agreed to at an earlier date pursuant to a tenant's expansion or renewal option

"Tenant Concessions" shall mean, with respect to this Lease or the applicable Comparable, (i) rent concessions, rent abatements, free rent, or similar rent relief thereunder, and (ii) all costs incurred by the landlord thereunder to provide tenant improvements, pay legal fees and space planning fees, pay leasing commissions, assume existing lease obligations (after netting out the reasonable projected recovery thereon), pay moving expenses for the tenant and make any other payments to or for the benefit of the tenant thereunder

In determining the Market Renewal Rate, the Market Renewal Rate shall be established by reference to the market rental rate for the relevant Comparables. In considering Comparables, lease renewals shall be given greater consideration than new leases

The Market Renewal Rate shall be adjusted to take into account appropriate factors such as (i) any differences in loss factors used in determining the rentable areas of the leased premises of the Comparables considered and the subject portions of the Premises, (ii) any differences in the length of the term of the Comparables considered and the Renewal Term, (iii) any difference between the height of the Comparables and that of the subject portions of the Premises, and (iv) any material variances between the definitions of Taxes and Operating Costs under this Lease and the definitions of taxes and operating costs with respect to any of the Comparable Building

35 **ARBITRATION** The terms of this Section 35 shall be applicable to the determination of the Market Renewal Rate, which term is defined in Section 34

A Within five (5) days after both parties have notified the other of their good faith estimate of Market Renewal Rate, Landlord and Tenant shall commence negotiations to agree upon the Market Renewal Rate (to be multiplied by the rentable square feet in the Premises). If the Landlord and Tenant are unable to reach agreement on such applicable rate within fourteen (14) days after the date negotiations commenced, then Tenant may, by written notice to Landlord within five (5) days after the expiration of such fourteen (14) day period, request to determine the appropriate rate by arbitration

B Within seven (7) days after the receipt of a request by Tenant as described in Paragraph A above, each party shall select a potential arbitrator who is a broker of commercial office space not affiliated with or employed by either party, with at least ten (10) years experience in leasing office space in the downtown Chicago, Illinois area (a "Qualified Expert"). Within a second period of seven (7) days, the two appointed Qualified Experts shall appoint an arbitrator (who is also a Qualified Expert) who shall

determine the Market Renewal Rate. If one party shall fail to appoint a Qualified Expert within the first seven (7) day period, then the Qualified Expert chosen by the other party shall be the sole arbitrator.

C. Once the arbitrator has been selected as provided above, then both parties shall submit to the arbitrator their respective good faith estimates of Market Renewal Rate, within three (3) business days after the selection of the arbitrator. As soon thereafter as practicable, but in any case within fourteen (14) days after receipt of the good faith estimates, the arbitrator shall select one of the two estimates of Market Renewal Rate, which shall be the one that is closer to the arbitrator's good faith estimate of the true Market Renewal Rate. The value so selected shall be deemed the Market Renewal Rate. The decision of the arbitrator shall be submitted in writing to, and be final and binding on, the Landlord and Tenant. If the arbitrator believes that expert advice would materially assist him, he may retain one or more qualified persons, including but not limited to, legal counsel, brokers, architects or engineers, to provide such expert advice. The fees and costs of the arbitrator and of any experts retained by the arbitrator shall be divided evenly by the parties hereto. Any fees of any counsel or expert engaged directly by the Landlord or Tenant, however, shall be borne by the party retaining such counsel or expert.

IN WITNESS WHEREOF, the parties hereto have executed this Lease

LANDLORD

SM Brell, L P , a California limited partnership

By Its general partner, KB Investors IV, a California general partnership

By Its general partner, KE Holdings, L P , a Washington limited partnership

By Its general partner, CB/KOLL Investment Management, Inc , a California corporation

By

Print Name

Print Title

THOMAS P. NAWICKI

VICE PRESIDENT

TENANT

Allegiance Telecom, Inc , a Delaware corporation

By

Print Name

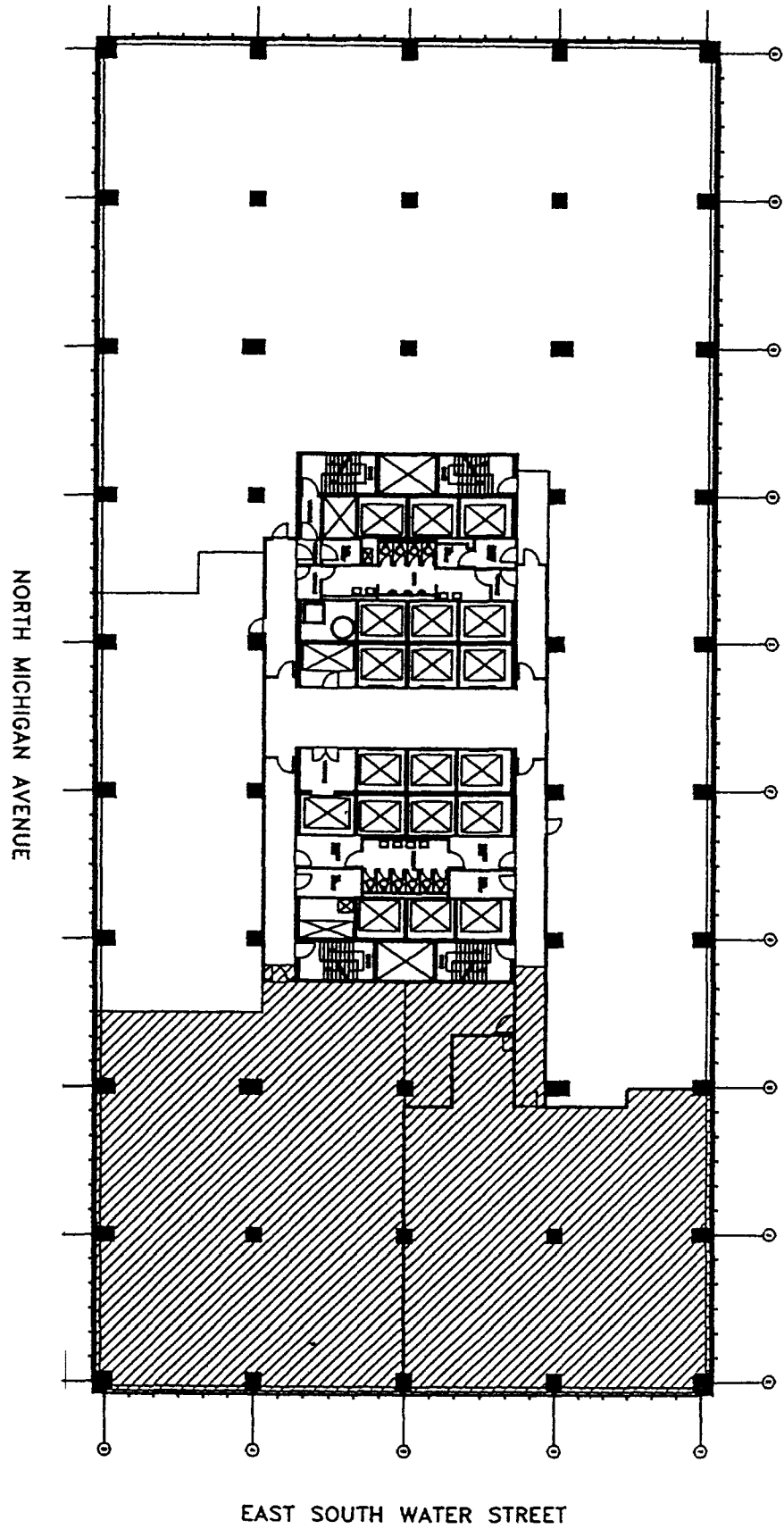
Print Title

PATRICIA E KOIDE

SENIOR VICE PRESIDENT

HUMAN RESOURCE FACILITIES + ADMINISTRATION

EXHIBIT "A"
EAST WACKER DRIVE EXTENSION



KOLL



111 East Wacker

12
FLOOR

97 328 9001

April 10, 1998

APPENDIX B

RULES AND REGULATIONS

1 Tenant will not make or permit to be made any use of the Premises which, directly or indirectly is forbidden by public law, ordinance or governmental regulation or which may be dangerous to persons or property, or which may invalidate or increase the premium cost of any policy of insurance carried on the Building or covering its operations and Tenant shall not do, or permit to be done, any act or thing upon the Premises which will be in conflict with fire insurance policies covering the Building. Tenant at its sole expense shall comply with reasonable rules, regulations or requirements of Landlord's insurance underwriters and shall not do, or permit anything to be done upon the Premises, or bring or keep anything thereon in violation of rules, regulations or requirements of the City of Chicago Fire Department or other authority having jurisdiction and then only in such quantity and manner of storage as not to increase the rate of fire insurance applicable to the Building.

2 Tenant shall not advertise the business, profession or activities of Tenant conducted in the Building in any manner which violates the letter or spirit of any code of ethics adopted by any recognized association or organization pertaining to such business, profession or activities, and shall not use the name of the Building for any purpose other than that of business address of Tenant, and shall never use any picture or likeness of the Building in any circulars, notices, advertisements or correspondence without Landlord's consent.

3 Tenant shall not obstruct, or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrances, passages, courts, corridors, vestibules, halls, elevators or stairways of the Building.

4 No bicycle or other vehicle and no dog (except dogs for the visually impaired) or other animal or bird shall be brought or permitted to be in the Building or on the Premises.

5 No noise, odor or litter, whether caused by Tenant, Tenant's customers, clients, invitees or guests, which is objectionable to Landlord or other occupants of the Building, shall emanate from the Premises. Tenant shall not (a) create or maintain a nuisance on the Premises, (b) disturb, solicit or canvass any occupant of the Building, or (c) do any act tending to injure the reputation of the Building.

6 Tenant shall not install any musical instrument or equipment in the Premises or the Building, or any antennas, aerial wires or other equipment inside or outside the Building, without obtaining the approval of Landlord. The use thereof, if permitted, shall be subject to control by Landlord to the end that others shall not be disturbed or annoyed.

7 Tenant shall not waste water by tying, wedging or otherwise fastening open any faucet.

8 No additional locks or similar devices shall be attached to any door. No keys for any door other than those provided by Landlord shall be made. If more than two keys for one lock are desired by Tenant, Landlord may provide same upon payment by Tenant. Upon termination of this Lease or of

Tenant's possession, Tenant shall surrender all keys to the Premises and shall make known to Landlord the combination of all combination locks on safes, cabinets and vaults

9 Tenant shall lock all doors in and to the Premises when not in use and shall take any other measures to insure the security of the Premises

10 If Tenant desires telegraphic, telephonic, burglar alarm or signal service, Landlord will, upon request, direct where and how connections and all wiring for such service shall be introduced and run. Without such directions, no boring, cutting or installation of wires or cables is permitted.

11 Shades, draperies or other form of inside window covering visible outside the Premises must be of such shape, color and material as approved by Landlord.

12 Tenant shall not overload any floor safes, furniture and all large articles shall be brought through the Building and into the Premises at such times and in such manner as Landlord shall permit and at the sole risk and responsibility of Tenant. Tenant shall list all furniture, equipment and similar articles to be removed from the Building, and the list must be approved at the Office of the Building or by a designated person before Building employees will permit any article to be removed.

13 Unless Landlord gives consent, Tenant shall not install or operate any steam or internal combustion engine, boiler, machinery, refrigerating or heating device or air conditioning apparatus in or about the Premises, or carry on any mechanical business therein, or use the Premises for housing accommodations or lodging or sleeping purposes, or do any cooking therein (other than coffee and related items) or install or permit the installation of any vending machines, or use any illumination other than electric light, or use or permit to be brought into the Building any inflammable oils or fluids such as gasoline, kerosene, naphtha and benzene, or any explosive or other articles hazardous to persons or property. Should Landlord grant consent, the installation, operation and maintenance expenses for any such items shall be solely Tenant's and shall include, among other charges as Additional Rent at rates fixed by Landlord, if air-conditioning apparatus is being installed, charges for, a condenser water riser tap-in fee and condenser water based upon the rated capacity in G P M of the unit.

14 Tenant shall not place or allow anything to be against or near the glass of partitions or doors of the Premises which may diminish the light in, or be unsightly from, public halls or corridors.

15 Tenant shall not install any equipment in the Premises which uses a substantial amount of electricity without the consent of Landlord. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electric wiring in the Building and the Premises and the needs of other tenants in the Building and shall not use more than such safe capacity. The consent of Landlord to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.

16 Tenant may not install carpet padding or carpet by means of a mastic, glue or cement without the consent of Landlord.

17 Tenant shall not conduct any auction, fire, "going out of business" or bankruptcy sales in or from the Premises

18 Tenant shall lower and adjust the Venetian blinds on the windows in the Premises if such lowering and adjustment reduces the sun load

APPENDIX C

TENANT IMPROVEMENT AGREEMENT

1 **INITIAL IMPROVEMENTS** Tenant shall improve the Premises, at its own cost subject to the Landlord's Contribution (hereinafter defined), in accordance with plans and specifications prepared by an architect approved by Landlord (which approval shall not be unreasonably withheld) (the "Plans") (such improvements are referred to herein as the "Initial Improvements") Tenant shall provide Landlord with an initial draft of the Plans within 30 days after Tenant's execution of this Lease Landlord shall within 10 days after receipt of such initial draft of the Plans either provide comments to such Plans or approve the same (which approval shall not be unreasonably withheld), and Landlord's failure to respond with comments within 14 days after receipt of such initial draft shall be deemed approval If Landlord provides Tenant with comments to the initial draft of the Plans, Tenant shall provide revised Plans to Landlord incorporating Landlord's comments within 7 days after receipt of Landlord's comments Landlord shall then either provide further comments to such revised Plans or approve such Plans (which approval shall not be unreasonably withheld), and Landlord's failure to respond with comments within 10 days after receipt of such revised Plans shall be deemed approval The process described in the previous sentence shall be repeated, if necessary, until the Plans have been finally approved by Landlord The Initial Improvements shall be performed by a contractor approved by Landlord (which approval shall not be unreasonably withheld) (the "Contractor") Tenant will, at Landlord's request, provide Landlord with information reasonably required by Landlord with respect to such Contractor, including, without limitation, financial reports and references The Plans for the Initial Improvements shall comply with all applicable statutes, ordinances, regulations, laws and codes Landlord's approval of any of the Plans (or any modifications or changes thereto) shall not impose upon Landlord or its agents or representatives any obligation with respect to the design of the Initial Improvements or the compliance of such Initial Improvements and/or the Plans with applicable laws, codes, ordinances and regulations, the obligation with respect to the design of the Initial Improvements and its compliance with applicable laws, codes, ordinances and regulations rests with the Tenant

All such Initial Improvements shall be insured under a construction property insurance policy, insuring the replacement value from time to time of such Initial Improvements All Initial Improvements shall be constructed in a good and workmanlike manner, and only good grades of material shall be used All Initial Improvements shall be performed in such a fashion and by such means as necessary to maintain a professional work environment in the areas surrounding the space to be improved Tenant shall only use labor that will work in peace and harmony with other contractors and workers serving the Building in constructing the Initial Improvements Tenant shall avoid actions which interfere with or delay the activities of other contractors serving the Building and other tenants Tenant shall permit Landlord to observe and monitor all Initial Improvements

2 **CHANGE ORDERS** If Tenant shall require improvements ("Change Orders") to the Premises in addition to or substitution for the Initial Improvements, Tenant shall deliver to Landlord for its approval plans and specifications for such Change Orders Landlord's failure to respond within five (5) business days after receipt of a Change Order shall be deemed approval If Landlord does not approve of the plans for the Change Orders, Landlord shall advise Tenant of the changes required Tenant shall revise and redeliver the plans and specifications to Landlord within five (5) business days of Landlord's advice or

Tenant shall be deemed to have abandoned its request for such Change Orders. Tenant shall pay for all preparations and revisions of plans and specifications, and the construction of all Change Orders.

3 **LANDLORD'S CONTRIBUTION** Provided that no event of default has occurred and is continuing hereunder, Landlord shall contribute an amount up to \$323,015.00 (\$35.00 per square foot x 9,229 rentable square feet in the Premises) ("Landlord's Construction Contribution") toward the costs incurred by Tenant for the Initial Improvements and an amount up to \$23,022.50 (\$2.50 per square foot x 9,229 rentable square feet in the Premises) ("Landlord's Additional Contribution") toward other costs incurred by Tenant for items which include, but are not limited to, architectural, engineering, teledata, furniture, fixtures and equipment. Landlord shall pay pro-rata portions of Landlord's Construction Contribution and Landlord's Additional Contribution as the Initial Improvements progress, through the Construction Escrow described in Paragraph 6 of this Workletter directly to the parties providing the materials or services for which payment is sought and Tenant, as additional rent under the Lease, shall fund any excess costs over the amount of Landlord's Contribution (the "Excess Costs"). Tenant shall not be permitted to commence the Initial Improvements until Tenant has paid into the construction escrow the Excess Costs, if any. If after the Initial Improvements have been commenced, the cost of the Initial Improvements is increased such that Tenant owes additional amounts on account of the Initial Improvements, the Initial Improvements shall not proceed until Tenant has funded any such deficit. Landlord has no obligation to pay for costs of the Initial Improvements in excess of Landlord's Contribution. Tenant shall pay to Landlord all out-of-pocket costs and expenses incurred by Landlord in reviewing the Plans and monitoring the construction of the Initial Improvements.

4 **ACCESS BY TENANT PRIOR TO COMMENCEMENT OF TERM** Landlord shall permit Tenant and its agents and contractors to enter the Premises to perform the Initial Improvements and prepare the Premises for Tenant's use and occupancy. Assuming the Premises are completely and permanently vacated by all prior tenants, subtenants, assignees, licensees and occupants by the date Landlord presently expects such parties to so vacate the Premises, Tenant may take possession of the Premises for construction of its improvements when a) Landlord has approved the Plans, b) the security referenced in the Lease has been provided, and c) Tenant has filed its application for a building permit from the City of Chicago. If Landlord is unable to so deliver those portions of the Premises when the conditions set forth in the previous sentence have been met, Landlord shall not be in default beyond the expiration of any applicable curative period under the Lease, however, in the event that Landlord gives possession of the Premises to Tenant after June 15, 1998, provided that Tenant is not in default hereunder, the Rent abatement under Section 5 of the Schedule to the Lease shall be extended by one (1) day for each day after June 15, 1998 until Landlord gives Tenant possession of the Premises. For example, if Landlord gives possession on June 17, 1998, the Rent abatement shall continue through March 2, 1999. Further, and notwithstanding anything in the Lease or this Appendix C to the contrary, provided that Tenant is not in default beyond the expiration of any applicable curative period under the Lease, in the event that Landlord has not given possession of the Premises to Tenant as of August 15, 1998, Tenant may terminate this Lease by written notice to Landlord given at any time after August 15, 1998 and prior to September 15, 1998. Any such permission to enter shall constitute a license only, conditioned upon Tenant's

(a) working in harmony with Landlord and Landlord's agents, contractors, workmen, mechanics and suppliers and with other tenants and occupants of the Building, and at times acceptable to Landlord, and

(b) obtaining in advance Landlord's approval of the contractors (other than the Contractor) proposed to be used by Tenant and depositing with Landlord in advance of any work the Contractor's affidavit for the Initial Improvements and waivers of lien from the Contractor and all subcontractors and suppliers of material

Landlord shall have the right to withdraw such license for reasonable cause upon twenty-four (24) hours' written notice to Tenant, provided that such license is promptly reinstated after the condition causing such withdrawal is corrected. Landlord shall not be liable in any way for any injury, loss or damage which may occur to any of Tenant's property or installations in the Premises prior to the Commencement Date, except to the extent any such injury, loss or damage is caused by the gross negligence or wilful misconduct of Landlord, its agents, contractors, employees or representatives. Tenant shall protect, defend, indemnify and save harmless Landlord from all liabilities, costs, damages, fees and expenses arising out of the activities of Tenant or its agents, contractors, suppliers or workmen in the Premises or the Building. Any entry and occupation permitted under this Section shall be governed by Section 5 of the Lease and all other terms of the Lease.

5 Insurance

- (i) Tenant shall cause the Contractor to obtain, pay for and maintain insurance for the coverages and amounts of coverage not less than those set forth below in the Schedule of Insurance Coverages (as hereinafter defined) and shall cause the Contractor to provide to Landlord certificates issued by insurance companies satisfactory to Landlord in its reasonable judgment to evidence such coverages before any Initial Improvements commence at the Premises. Such certificates shall provide that there shall be no termination, non-renewal, modification or expiration of such coverage without thirty (30) days prior written notice to Landlord. In the event of any failure by Tenant to cause the Contractor to comply with the provisions of this Paragraph 5, Landlord may, at its option, upon notice to Tenant, suspend the Initial Improvements until such time as there is full compliance with this Paragraph 5. Tenant shall provide to Landlord a certified copy of any and all applicable insurance policies upon request of Landlord.
- (ii) Schedule of Insurance Coverages The following shall constitute the "Schedule of Insurance Coverages"
 - (a) Workers' Compensation Insurance. Coverage complying with the law of the State of Illinois and Employer's Liability insurance with a limit of \$2,000,000.00 each accident, including occupational disease coverage with a limit of \$2,000,000.00 per person subject to aggregate limit of \$2,000,000.00 per annum.
 - (b) Comprehensive Automobile Liability Insurance \$1,000,000.00 combined single limit of liability for bodily injuries, death and property damage resulting from any one occurrence, including all owned, hired and non-owned vehicles.
 - (c) Commercial General Liability Insurance \$3,000,000.00 (\$2,000,000 with respect to any Tenant's Contractors [as defined below]) combined single limit of liability.

for bodily injuries, death and property damage, and personal injury resulting from any one occurrence including the following coverages

- (1) Premises and Operations,
- (2) Completed Operations for three (3) years after completion of the Initial Improvements
- (3) Broad Form Comprehensive General Liability Endorsement, Personal Injury (with employment and contractual exclusions deleted) and Broad Form Property Damage Coverage,
- (4) Independent Contractors, and
- (5) Delete Exclusions relative to Collapse, Explosion and Underground Property Damage Hazards

(iii) Miscellaneous

- (1) Any insured loss or claim of loss pursuant to this Paragraph 5 shall be adjusted by Landlord and Tenant, and any settlement payments shall be made payable to Landlord as trustee for the insureds, as their interests may appear, subject to the requirements of any applicable mortgagee clause. Upon the occurrence of an insured loss or claim of loss, monies received will be held by Landlord who shall make distribution in accordance with an agreement to be reached in such event between Landlord and Tenant. If the parties are unable to agree between themselves on the settlement of the loss, such dispute shall be submitted to a court of competent jurisdiction to determine ownership of the disputed amounts, but the Initial Improvements shall nevertheless progress during any such period of dispute without prejudice to the rights of any party to the dispute.
- (2) Landlord shall not insure or be responsible for any loss or damage to property of any property owned, rented or leased by the Contractor, the Tenant's Contractors, or their employees, servants or agents unless as to responsibility to the extent caused by the negligent acts of Landlord or its agents or employees.
- (3) With respect to the Contractor's operations, Tenant shall cause the Contractor to purchase, maintain and pay for all-risk contractor's equipment floater on all machinery, tools, equipment and other similar property in an amount at least equal to their fair market value and any deductible shall be for the account of the Contractor. This insurance coverage shall be the sole and complete means of recovery for any loss covered by such insurance.

- (iv) Tenant's Contractor's Insurance Tenant shall cause the Contractor to require each of the Tenant's Contractors (as defined in Paragraph 6) to comply with a Worker's Compensation,

Employer's Liability, Comprehensive General Liability and the Automobile Liability insurance provisions set forth in the Schedule of Insurance Coverages. Tenant shall cause the Contractor to cause each of the Tenant's Contractors to deliver to Landlord certificates of insurance evidencing the foregoing coverages prior to commencement of respective Initial Improvements and, in the event Tenant fails to cause the Contractor to cause each Tenant's Contractors to deliver to Landlord the required certificates of insurance from such Tenant's Contractors and a claim is made or suffered, Tenant shall indemnify, defend and hold harmless Landlord, Landlord's partners, Landlord's building manager, the parents companies and affiliates of Landlord and of any partner of Landlord, and the shareholders, officer, directors of Landlord, Landlord's planners and employees of any of the above mentioned parties from any and all claims for which the required insurance would have provided coverage. This indemnity obligation is in addition to any other indemnity obligation provided herein.

- (v) Certificates of Insurance. All certificates of insurance required to be delivered to Landlord as set forth herein from the Contractor or any of Tenant's Contractors shall name Landlord as an additional insured as its interest may appear.
- (vi) Tenant's As Built Drawings. Within thirty (30) days after all of the Initial Improvements have been completed, Tenant shall deliver to Landlord the final working drawings with any changes, additions or deletions that occurred during construction so noted on the drawings.

6 CONSTRUCTION ESCROW. Prior to commencement of construction of the Initial Improvements or payment to the Contractor or any other contractors or subcontractors, including the Contractor, who will be performing all or any portion of the Initial Improvements (collectively, "Tenant's Contractors"), Tenant shall, at Tenant's expense, establish a construction escrow acceptable to Landlord at a title insurance company designated by Landlord (the "Construction Escrow") providing for payment to Tenant's Contractors of the amounts necessary to pay for the Initial Improvements ("Tenant's Construction Costs") as the Initial Improvements progress, upon the title insurance company's (a) satisfactory review of lien waivers and sworn statements from all of Tenant's Contractors, (b) validation that there are no mechanics' liens filed against the Project relating to the Initial Improvements to the date of each draw, and (c) satisfactory review of interim sworn statements from Tenant directing the title company to pay Tenant's Contractors in accordance with their respective partial lien waivers and sworn statements (to the extent applicable). Subject to Landlord's funding Landlord's Contribution as required under Paragraph 3 hereof, Tenant shall pay for the Initial Improvements through such Construction Escrow when required under its contracts for the Initial Improvements and shall not permit the Project to become subject to any lien on account of labor, material or services furnished to Tenant and Landlord shall fund Landlord's Contribution through the Construction Escrow as described in Paragraph 3. Tenant may not withdraw funds from the Construction Escrow unless Landlord has consented to such withdrawal. Provided that all conditions to disbursement under the Construction Escrow have been met and Tenant is not in default beyond the expiration of any applicable curative period, Landlord shall not withhold its consent to such withdrawal. If any mechanics' lien is filed in connection with the Initial Improvements, Tenant shall address such mechanics' lien in the same manner as provided in Section 5D of the Lease.

Tenant shall provide such contractor's affidavits, tenant (owner) statements, partial and final waivers of lien, architect's certificates and any additional documentation (including, without limitation, Tenant or Tenant's Contractor's personal undertakings) which may be reasonably requested by Landlord or such title insurance company in connection with said Construction Escrow or consistent with any other title insurance requirements concerning the Initial Improvements. The "Construction Escrow Agreement" associated with the Construction Escrow shall provide for no more than one draw therefrom per month. In addition, such Construction Escrow Agreement shall require that the title company retain 10% of all amounts due to any of Tenant's Contractors throughout the performance of the Initial Improvements (the "Retainage"). The Retainage shall only be paid to the Tenant's Contractors upon the title company's (i) satisfactory review of final waivers and sworn statements from all of Tenant's Contractors, (ii) confirmation that there are no mechanics' liens filed against the Project relating to the Initial Improvements through the date of the disbursement of the Retainage, and (iii) confirmation by Landlord's Architect that the Initial Improvements have been completed in substantial accordance with the Plans (collectively, such items described in this sentence are referred to hereinabove as the "Completion Documentation").

7 MISCELLANEOUS

(i) Terms used in this Appendix C shall have the meanings assigned to them in the Lease. The terms of this Appendix C are subject to the terms of the Lease.

(ii) If Landlord's Contribution exceeds the total cost of the Initial Improvements, then at Tenant's option, such excess, but in no event more than \$17.50 per square foot of the Premises (\$161,507.50), shall be applied as a credit against Tenant's first required payments of Base Rent coming due under the Lease.

APPENDIX D

MORTGAGES CURRENTLY AFFECTING THE PROJECT

None

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "First Amendment") made as of the 24th day of August, 1998, by and between S M Brell, L P , a California limited partnership (hereinafter referred to as "Landlord") and Allegiance Telecom, Inc , a Delaware corporation (hereinafter referred to as "Tenant")

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain Lease dated May 21, 1998 (hereinafter referred to as the "Lease") for 9,229 rentable square feet of space located on the twelfth (12th) floor (the "Original Premises"), in 111 East Wacker Drive, Chicago, Illinois (the "Building"), and

WHEREAS, Landlord and Tenant desire to expand the Original Premises to include an additional 1,806 rentable square feet of space on the 12th floor (such space shall be referred to herein from time to time as the "Additional Premises") (the Original Premises and the Additional Premises shall be referred to herein from time to time as the "Premises") subject to the terms, covenants and conditions of the Lease, as amended hereby

WHEREAS, Appendix A to the Lease did depict both the Original Premises and Additional Premises and therefore need not be amended hereby

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby amend the Lease in the following respects only

I. LEASE IN FULL FORCE AND EFFECT. DEFINITIONS

Except as herein modified or amended, the provisions, conditions, and terms of the Lease shall remain unchanged and in full force and effect and are hereby ratified and confirmed by the parties hereto Capitalized terms used in this First Amendment shall have the same definitions as set forth in the Lease, to the extent such capitalized terms are defined therein and are not redefined in this First Amendment

II. LEASE SCHEDULE AMENDMENTS

The Schedule is hereby deleted from the Lease in its entirety and replaced by the following

SCHEDULE

- 1 Tenant Allegiance Telecom, Inc , a Delaware corporation
- 2 Premises 11,035 rentable square feet of space on the 12th floor of the Building For the sole purpose of determining the amount of the Rent Abatement, the Premises shall be divided into the Original Premises consisting of 9,229 rentable square feet and the Additional Premises consisting of 1,806 rentable square feet
- 3 Rentable Square Feet of the Premises 11,035

- 4 Tenant's Proportionate Share 1 13% (based upon a total of 976,726 rentable square feet in the Building) For purposes of establishing the "Original Premises Operating Cost Share Rent and Tax Share Rent" and the "Additional Premises Operating Cost Share Rent and Tax Share Rent" (as such terms are defined below) and the respective abatements of the same, Tenant's Proportionate Share attributable to the Original Premises shall be 945% and Tenant's Proportionate Share attributable to the Additional Premises shall be 185%
- 5 Rent Abatement Original Premises Base Rent, Original Premises Operating Cost Share Rent and Original Premises Tax Share Rent (all as defined below) shall abate for the first six (6) months of the Term (until March 9, 1999) The Additional Premises Base Rent, Additional Premises Operating Cost Share Rent and Additional Premises Tax Share Rent shall abate for the first eighteen (18) months of the Term (until March 9, 2000) In the event of any default hereunder by Tenant, any remaining rent abatement shall cease from the date of such default, until such time, if any, as such default is cured in accordance with this Lease
- 6 Security Deposit \$18,624 90
- 7 Tenant's address for notices Four Westbrook Corporate Center, Suite 400, Westchester, Illinois 60153, Attn Patricia Koide
- 8 Tenant's Real Estate Broker for this Lease Partners National Real Estate Group, Inc
- 9 Tenant Improvements See the Tenant Improvement Agreement attached hereto as Appendix C
- 10 Commencement Date September 10, 1998 with respect to both the Original Premises and the Additional Premises
- 11 Termination Date/Term Ten full Lease Years (as defined below) and one partial Lease Year consisting of six calendar months after the tenth Lease Year
- 12 Base Rent Subject to the abatement set forth above, Base Rent payable hereunder shall consist of the sum of the Original Premises Base Rent and the Additional Premises Base Rent attributable to Tenant's use and occupancy of the Original Premises and the Additional Premises, respectively, as set forth in the following schedules (the Original Premises Base Rent and the Additional Premises Base Rent is referred to collectively hereinafter from time to time as the "Base Rent")

| <u>Period</u> | <u>Annual Original Premises Base Rent</u> | <u>Monthly Original Premises Base Rent</u> |
|--------------------|--|--|
| First Lease Year | \$136,384 20* (\$14 00 per rentable square foot) | \$10,767 17 |
| Second Lease Year | \$131,513 25 (\$14 25 per rentable square foot) | \$10,959 44 |
| Third Lease Year | \$133,820 50 (\$14 50 per rentable square foot) | \$11,151 71 |
| Fourth Lease Year | \$136,127 75 (\$14 75 per rentable square foot) | \$11,343 98 |
| Fifth Lease Year | \$138,435 00 (\$15 00 per rentable square foot) | \$11,536 25 |
| Sixth Lease Year | \$140,742 25 (\$15 25 per rentable square foot) | \$11,728 52 |
| Seventh Lease Year | \$143,049 50 (\$15 50 per rentable square foot) | \$11,920 79 |

| <u>Period</u> | <u>Annual Original Premises Base Rent</u> | <u>Monthly Original Premises Base Rent</u> |
|---|--|--|
| Eighth Lease Year | \$145,356 75 (\$15 75 per rentable square foot) | \$12,113 06 |
| Ninth Lease Year | \$147,664 00 (\$16 00 per rentable square foot) | \$12,305 33 |
| Tenth Lease Year | \$149,971 25 (\$16 25 per rentable square foot) | \$12,497 60 |
| Eleventh Lease Year (consisting of six (6) calendar months) | \$76,139 25 (\$16 50 per rentable square foot) | \$12,689 88 |
| <u>Period</u> | <u>Annual Additional Premises Base Rent</u> | <u>Monthly Additional Premises Base Rent</u> |
| First Lease Year | \$26,688 60* (\$14 00 per rentable square foot) | \$2,107 00 |
| Second Lease Year | \$25,735 50 (\$14 25 per rentable square foot) | \$2,144 63 |
| Third Lease Year | \$26,187 00 (\$14 50 per rentable square foot) | \$2,182 25 |
| Fourth Lease Year | \$26,638 50 (\$14 75 per rentable square foot) | \$2,219 88 |
| Fifth Lease Year | \$27,090 00 (\$15 00 per rentable square foot) | \$2,257 50 |
| Sixth Lease Year | \$27,541 50 (\$15 25 per rentable square foot) | \$2,295 13 |
| Seventh Lease Year | \$27,993 00 (\$15 50 per rentable square foot) | \$2,332 75 |
| Eighth Lease Year | \$28,444 50 (\$15 75 per rentable square foot) | \$2,370 38 |
| Ninth Lease Year | \$28,896 00 (\$16 00 per rentable square foot) | \$2,408 00 |
| Tenth Lease Year | \$29,347 50 (\$16 25 per rentable square foot) | \$2,445 63 |
| Eleventh Lease Year (consisting of six calendar months) | \$14,899 50 (\$16 50 per rentable square foot) | \$2,483 25 |

*Includes the period from September 10, 1998 through September 30, 1998

- 13 Operating Cost Share Rent and Tax Share Rent Subject to the abatement set forth above, Operating Cost Share Rent and Tax Share Rent, as defined below, shall consist of the sum of that portion of Operating Cost Share Rent and Tax Share Rent, respectively, attributable to the Original Premises ("Original Premises Operating Cost Share Rent" and "Original Premises Tax Share Rent") and that portion of Operating Cost Share Rent and Tax Share Rent, respectively, attributable to the Additional Premises ("Additional Premises Operating Cost Share Rent" and "Additional Premises Tax Share Rent") The portions of the Operating Costs Share Rent and Tax Share Rent attributable to the Original Premises and the Additional Premises shall be determined based upon Tenant's Proportionate Share attributable to the Original Premises and the Additional Premises

III TENANT IMPROVEMENT AGREEMENT

A The first sentence of Section 3(a) of the Tenant Improvement Agreement, attached to the Lease as Appendix C is hereby deleted in its entirety and replaced by the following

"Provided that no default has occurred and is continuing hereunder, Landlord shall contribute an amount up to \$386,225 00 (\$35 00 per square foot x 11,035 rentable square feet in the Premises ("Landlord's Construction Contribution") toward the costs incurred by Tenant for Initial Improvements and an amount up to \$27,587 50 (\$2 50 per square foot x 11,035 rentable square feet in the Premises) ("Landlord's Additional Contribution") toward other costs incurred by Tenant for items which include, but are not limited to, architectural, engineering, teledata, furniture, fixtures and equipment "

B The third sentence of Section 4 of the Tenant Improvement Agreement is hereby deleted in its entirety and by its execution of this Amendment, Tenant hereby acknowledges that Landlord has delivered possession of the Premises to Tenant in a timely manner in accordance with the requirements of this Lease

C Section 7(11) is hereby deleted from the Tenant Improvement Agreement in its entirety and replaced by the following

"(11) If Landlord's Contribution exceeds the total cost of the Initial Improvements, then at Tenant's option, such excess, but in no event more than \$17 50 per square feet of the Premises (\$193,112 50), shall be applied as a credit against Tenant's first required payments of Base Rent coming due under the Lease "

IV BROKERS

Each party represents to the other that it has dealt directly with and only with CB Richard Ellis ("Landlord's Broker") and Partners National Real Estate Group, Inc ("Tenant's Broker") as the brokers in connection with this First Amendment, and that insofar as such party knows, no other broker negotiated this First Amendment or is entitled to any commission in connection therewith Each party agrees to indemnify and hold the other and their respective agents and employees harmless from all claims of any other brokers in connection with this First Amendment to Lease arising out of a breach by the indemnifying party of the foregoing representation If the transaction contemplated by this Amendment is consummated, Landlord shall pay Tenant's Broker a brokerage commission in accordance with the terms of a separate agreement between Landlord and Tenant's Broker

V NOTICES

Notwithstanding anything in the Lease to the contrary, notices to Landlord required under the Lease or this First Amendment shall be addressed

CB Richard Ellis
111 E Wacker Drive
Suite 2905 Chicago, Illinois 60601
Attention General Manager

with a copy to

Burke, Warren, MacKay & Serritella, P C
22nd Floor IBM Plaza
330 North Wabash Avenue
Chicago, Illinois 60611-3607
Attention John P Stephens

VI EXCULPATION

Landlord shall have no personal liability under the Lease or this First Amendment, its liability being limited to its interest in the Building, and shall not extend to any other property or assets of Landlord

IN WITNESS WHEREOF, the parties have executed or caused to be executed by proper parties thereunto duly authorized so to do as of the day and year first above written

LANDLORD

SM Brell, L P , a California limited partnership

By Its general partner, KB Investors IV, a California general partnership

By Its general partner, KE Holdings, L P , a Washington limited partnership

By Its general partner, CB/KOLL Investment Management, Inc , a California corporation

By 

Print Name

Print Title

James P. Newberry
Vice President

TENANT

Allegiance Telecom, Inc , a Delaware corporation

By 

Print Name

Print Title

Patricia E. Gaudin
Sr. VP

BURKE, WARREN, MACKAY & SERRITELLA, P.C.

330 North Wabash Avenue
22nd Floor
IBM Plaza
Chicago, Illinois 60611-3607
Telephone (312) 840-7000
Facsimile (312) 840-7900

FACSIMILE TRANSMITTAL FORM

SEND TO Eric Thompson and John Buchelares

CB Richard Ellis, Inc.

FAX # (312) 819-4488 DATE 8/3/98 TIME _____

PHONE #: (312) 819-4400 NUMBER OF PAGES 9
(Including Cover Sheet)

CLIENT # 9036 MATTER # 32

SENT BY JOHN P. STEPHENS

COMMENTS. _____

CONFIDENTIALITY NOTE If you have received this fax and are not the addressed recipient, please notify the sender immediately by telephone and return the original message by mail Thank you.

Please call our facsimile center at (312) 840-7030 if there is a problem with this fax transmission, or if you wish to confirm the transmission.

COPY

BURKE, WARREN, MACKAY & SERRITELLA, P.C.

22ND FLOOR IBM PLAZA
330 NORTH WABASH AVENUE
CHICAGO, ILLINOIS 60611-3607
TELEPHONE (312) 840-7000
FACSIMILE (312) 840-7900

JOHN P. STEPHENS
DIRECT DIAL NUMBER
(312) 840-7017
jstephens@burkewar.com

August 3, 1998

VIA FEDERAL EXPRESS

Ms. Patricia Koide
Allegiance Telecom, Inc
Four Westbrook Corporate Center
Suite 400
Westchester, Illinois 60153

Re 111 E. Wacker Drive, Chicago, Illinois - First Amendment to Allegiance Telecom, Inc Lease

Dear Ms Koide

At the direction of your counsel, Jeffrey Scharff, enclosed are four (4) execution copies of the proposed First Amendment to the above-referenced lease

Should you find the enclosed to be acceptable, please see that all four (4) copies are executed and returned directly to Eric Thompson, CB Richard Ellis, 111 E Wacker Drive, Suite 2905, Chicago, Illinois 60601

Very truly yours,

John P Stephens /ed

John P Stephens

/cs

Enclosure

cc. Jeffrey Scharff (via fax, w/encl)
Thomas Nowicki (via fax, w/encl)
John F Bucheleres (via fax, w/encl)
Eric Thompson (via fax, w/encl)

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "First Amendment") made as of the ____ day of _____, 1998, by and between S M Brell, L P , a California limited partnership (hereinafter referred to as "Landlord") and Allegiance Telecom, Inc , a Delaware corporation (hereinafter referred to as "Tenant")

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain Lease dated May 21, 1998 (hereinafter referred to as the "Lease") for 9,229 rentable square feet of space located on the twelfth (12th) floor (the "Original Premises"), in 111 East Wacker Drive, Chicago, Illinois (the "Building"), and

WHEREAS, Landlord and Tenant desire to expand the Original Premises to include an additional 1,806 rentable square feet of space on the 12th floor (such space shall be referred to herein from time to time as the "Additional Premises") (the Original Premises and the Additional Premises shall be referred to herein from time to time as the "Premises") subject to the terms, covenants and conditions of the Lease, as amended hereby

WHEREAS, Appendix A to the Lease did depict both the Original Premises and Additional Premises and therefore need not be amended hereby

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby amend the Lease in the following respects only:

I. LEASE IN FULL FORCE AND EFFECT; DEFINITIONS

Except as herein modified or amended, the provisions, conditions, and terms of the Lease shall remain unchanged and in full force and effect and are hereby ratified and confirmed by the parties hereto. Capitalized terms used in this First Amendment shall have the same definitions as set forth in the Lease, to the extent such capitalized terms are defined therein and are not redefined in this First Amendment.

II LEASE SCHEDULE AMENDMENTS

The Schedule is hereby deleted from the Lease in its entirety and replaced by the following

SCHEDULE

- 1 Tenant Allegiance Telecom, Inc , a Delaware corporation
- 2 Premises 11,035 rentable square feet of space on the 12th floor of the Building. For the sole purpose of determining the amount of the Rent Abatement, the Premises shall be divided into the Original Premises consisting of 9,229 rentable square feet and the Additional Premises consisting of 1,806 rentable square feet
- 3 Rentable Square Feet of the Premises 11,035

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- 4 Tenant's Proportionate Share 1 13% (based upon a total of 976,726 rentable square feet in the Building) For purposes of establishing the "Original Premises Operating Cost Share Rent and Tax Share Rent" and the "Additional Premises Operating Cost Share Rent and Tax Share Rent" (as such terms are defined below) and the respective abatements of the same, Tenant's Proportionate Share attributable to the Original Premises shall be 945% and Tenant's Proportionate Share attributable to the Additional Premises shall be 185%
- 5 Rent Abatement Original Premises Base Rent, Original Premises Operating Cost Share Rent and Original Premises Tax Share Rent (all as defined below) shall abate for the first six (6) months of the Term (until March 9, 1999) The Additional Premises Base Rent, Additional Premises Operating Cost Share Rent and Additional Premises Tax Share Rent shall abate for the first eighteen (18) months of the Term (until March 9, 2000) In the event of any default hereunder by Tenant, any remaining rent abatement shall cease from the date of such default, until such time, if any, as such default is cured in accordance with this Lease.
- 6 Security Deposit. \$18,624 90
- 7 Tenant's address for notices Four Westbrook Corporate Center, Suite 400, Westchester, Illinois 60153, Attn. Patricia Koide
- 8 Tenant's Real Estate Broker for this Lease Partners National Real Estate Group, Inc
- 9 Tenant Improvements See the Tenant Improvement Agreement attached hereto as Appendix C
- 10 Commencement Date September 10, 1998 with respect to both the Original Premises and the Additional Premises
- 11 Termination Date/Term Ten full Lease Years (as defined below) and one partial Lease Year consisting of six calendar months after the tenth Lease Year
- 12 Base Rent Subject to the abatement set forth above, Base Rent payable hereunder shall consist of the sum of the Original Premises Base Rent and the Additional Premises Base Rent attributable to Tenant's use and occupancy of the Original Premises and the Additional Premises, respectively, as set forth in the following schedules (the Original Premises Base Rent and the Additional Premises Base Rent is referred to collectively hereinafter from time to time as the "Base Rent")

| <u>Period</u> | <u>Annual Original Premises Base Rent</u> | <u>Monthly Original Premises Base Rent</u> |
|--------------------|--|--|
| First Lease Year | \$136,384 20* (\$14 00 per rentable square foot) | \$10,767 17 |
| Second Lease Year | \$131,513.25 (\$14 25 per rentable square foot) | \$10,959 44 |
| Third Lease Year | \$133,820 50 (\$14 50 per rentable square foot) | \$11,151 71 |
| Fourth Lease Year | \$136,127 75 (\$14.75 per rentable square foot) | \$11,343 98 |
| Fifth Lease Year | \$138,435 00 (\$15.00 per rentable square foot) | \$11,536 25 |
| Sixth Lease Year | \$140,742 25 (\$15 25 per rentable square foot) | \$11,728 52 |
| Seventh Lease Year | \$143,049 50 (\$15 50 per rentable square foot) | \$11,920 79 |

| <u>Period</u> | <u>Annual Original Premises Base Rent</u> | <u>Monthly Original Premises Base Rent</u> |
|---|--|--|
| Eighth Lease Year | \$145,356 75 (\$15 75 per rentable square foot) | \$12,113 06 |
| Ninth Lease Year | \$147,664 00 (\$16 00 per rentable square foot) | \$12,305 33 |
| Tenth Lease Year | \$149,971 25 (\$16 25 per rentable square foot) | \$12,497 60 |
| Eleventh Lease Year (consisting of six (6) calendar months) | \$76,139 25 (\$16 50 per rentable square foot) | \$12,689 88 |
| <u>Period</u> | <u>Annual Additional Premises Base Rent</u> | <u>Monthly Original Premises Base Rent</u> |
| First Lease Year | \$26,688 60* (\$14.00 per rentable square foot) | \$2,107 00 |
| Second Lease Year | \$25,735 50 (\$14.25 per rentable square foot) | \$2,144 63 |
| Third Lease Year | \$26,187 00 (\$14 50 per rentable square foot) | \$2,182 25 |
| Fourth Lease Year | \$26,638 50 (\$14 75 per rentable square foot) | \$2,219 88 |
| Fifth Lease Year | \$27,090 00 (\$15 00 per rentable square foot) | \$2,257 50 |
| Sixth Lease Year | \$27,541.50 (\$15 25 per rentable square foot) | - \$2,295 13 |
| Seventh Lease Year | \$27,993 00 (\$15 50 per rentable square foot) | \$2,332 75 |
| Eighth Lease Year | \$28,444 50 (\$15 75 per rentable square foot) | \$2,370 38 |
| Ninth Lease Year | \$28,896 00 (\$16 00 per rentable square foot) | \$2,408 00 |
| Tenth Lease Year | \$29,347 50 (\$16 25 per rentable square foot) | \$2,445 63 |
| Eleventh Lease Year (consisting of six calendar months) | \$14,899 50 (\$16.50 per rentable square foot) | \$2,483 25 |

*Includes the period from September 10, 1998 through September 30, 1998

- 13 Operating Cost Share Rent and Tax Share Rent Subject to the abatement set forth above, Operating Cost Share Rent and Tax Share Rent, as defined below, shall consist of the sum of that portion of Operating Cost Share Rent and Tax Share Rent, respectively, attributable to the Original Premises ("Original Premises Operating Cost Share Rent" and "Original Premises Tax Share Rent") and that portion of Operating Cost Share Rent and Tax Share Rent, respectively, attributable to the Additional Premises ("Additional Premises Operating Cost Share Rent" and "Additional Premises Tax Share Rent") The portions of the Operating Costs Share Rent and Tax Share Rent attributable to the Original Premises and the Additional Premises shall be determined based upon Tenant's Proportionate Share attributable to the Original Premises and the Additional Premises

III. TENANT IMPROVEMENT AGREEMENT

A The first sentence of Section 3(a) of the Tenant Improvement Agreement, attached to the Lease as Appendix C is hereby deleted in its entirety and replaced by the following.

"Provided that no default has occurred and is continuing hereunder, Landlord shall contribute an amount up to \$386,225 00 (\$35 00 per square foot x 11,035 rentable square feet in the Premises ("Landlord's Construction Contribution") toward the costs incurred by Tenant for Initial Improvements and an amount up to \$27,587 50 (\$2 50 per square foot x 11,035 rentable square feet in the Premises) ("Landlord's Additional Contribution") toward other costs incurred by Tenant for items which include, but are not limited to, architectural, engineering, teledata, furniture, fixtures and equipment "

B The third sentence of Section 4 of the Tenant Improvement Agreement is hereby deleted in its entirety and by its execution of this Amendment, Tenant hereby acknowledges that Landlord has delivered possession of the Premises to Tenant in a timely manner in accordance with the requirements of this Lease

C Section 7(u) is hereby deleted from the Tenant Improvement Agreement in its entirety and replaced by the following

"(u) If Landlord's Contribution exceeds the total cost of the Initial Improvements, then at Tenant's option, such excess, but in no event more than \$17 50 per square feet of the Premises (\$193,112 50), shall be applied as a credit against Tenant's first required payments of Base Rent coming due under the Lease "

IV. BROKERS

Each party represents to the other that it has dealt directly with and only with CB Richard Ellis ("Landlord's Broker") and Partners National Real Estate Group, Inc ("Tenant's Broker") as the brokers in connection with this First Amendment, and that insofar as such party knows, no other broker negotiated this First Amendment or is entitled to any commission in connection therewith Each party agrees to indemnify and hold the other and their respective agents and employees harmless from all claims of any other brokers in connection with this First Amendment to Lease arising out of a breach by the indemnifying party of the foregoing representation If the transaction contemplated by this Amendment is consummated, Landlord shall pay Tenant's Broker a brokerage commission in accordance with the terms of a separate agreement between Landlord and Tenant's Broker

V NOTICES

Notwithstanding anything in the Lease to the contrary, notices to Landlord required under the Lease or this First Amendment shall be addressed

CB Richard Ellis
111 E Wacker Drive
Suite 2905 Chicago, Illinois 60601
Attention General Manager

with a copy to

Burke, Warren, MacKay & Serritella, P C.
22nd Floor IBM Plaza
330 North Wabash Avenue
Chicago, Illinois 60611-3607
Attention: John P Stephens

VI EXCULPATION

Landlord shall have no personal liability under the Lease or this First Amendment; its liability being limited to its interest in the Building, and shall not extend to any other property or assets of Landlord

IN WITNESS WHEREOF, the parties have executed or caused to be executed by proper parties thereunto duly authorized so to do as of the day and year first above written

LANDLORD

SM Brell, L P , a California limited partnership

By Its general partner, KB Investors IV, a California general partnership

By Its general partner, KE Holdings, L P , a Washington limited partnership

By Its general partner, CB/KOLL Investment Management, Inc , a California corporation

By _____
Print Name _____
Print Title _____

TENANT

Allegiance Telecom, Inc , a Delaware corporation

By _____
Print Name _____
Print Title _____

This redlined draft, generated by CompareRate - The Instant Redliner, shows the differences between -
original document . G \APPS\DOCSOPEN\BURKE_CH\STEP0J\84666 3
and revised document G \APPS\DOCSOPEN\BURKE_CH\STEP0J\84666 4

CompareRate found 3 change(s) in the text

Deletions appear as struck-through text

Additions appear as bold + dbl underlined text

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7

EXHIBIT C

**REJECTION DAMAGES FOR LINCOLN-CARLYLE, ILLINOIS
CENTER, LLC, successor-in-interest to S M BRELL, L P**

BANKRUPTCY CASE NO 03-13057 (RDD)

| | |
|--------------------|---------------------------------|
| Base Rent | \$14,023 65 |
| Operating Expenses | \$ 6,916 03 |
| Taxes | <u>\$ 5,658 25</u> |
| | \$26,597 93 x 12 = \$319,175 16 |

3206636 1

BURKE, WARREN, MACKEY & SERRITELLA, P.C.

22ND FLOOR IBM PLAZA
330 NORTH WABASH AVENUE
CHICAGO ILLINOIS 60611-3607
TELEPHONE (312) 840 7000
FACSIMILE (312) 840 7900
www.burkelaw.com

GERARD D RING
DIRECT DIAL NUMBER
(312) 840 7014
GRING@BURKELAW.COM

June 18, 2004

FEDERAL EXPRESS

Clerk of the United States Bankruptcy Court
Southern District of New York
One Bowling Green, 6th Floor
New York, New York 10004-1408

Re *Allegiance Telecom, Inc, et al*
Bankruptcy Case No 03-13057 (RDD)

Dear Sir/Madam

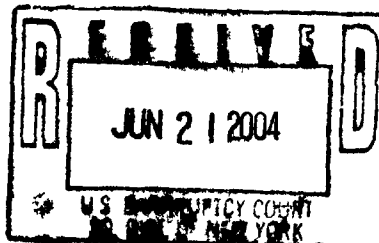
Enclosed for filing are two copies of the Proof of Claim for Creditor, Lincoln-Carlyle, Illinois, LLC Please file the same, and return a file-stamped copy to our office in the enclosed self-addressed, stamped envelope Thank you for your assistance in this matter

Very truly yours,



Gerard D Ring

GDR rrm
Enclosure
cc Mr Eric Thompson (w/encl)
306849 1



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____ X
In re

Allegiance Telecom, Inc , et al.,

Debtors

Chapter 11 Case No
03-13057 (RDD)

Jointly Administered

_____ X
**STIPULATION AND AGREED ORDER RESOLVING CLAIM 2872
OF LINCOLN-CARLYLE, ILLINOIS CENTER, LLC**

This STIPULATION AND AGREED ORDER is by and between the Allegiance Telecom Liquidating Trust (the "ATLT"), as successor to the Debtors (as defined below), and Lincoln-Carlyle, Illinois Center, LLC ("Claimant") The parties hereby stipulate and agree as follows

WHEREAS, on or about May 21, 1998, Debtor Allegiance Telecom, Inc ("ATI") entered into a lease (the "Lease") with Claimant for office space at 111 East Wacker Drive, Chicago, Illinois, and

WHEREAS, ATI paid to Claimant a cash security deposit in the amount of \$18,624 90 (the "Security Deposit"), and

WHEREAS, on May 14, 2003, ATI and its direct and indirect subsidiaries (collectively, the "Debtors") commenced voluntary cases (the "Chapter 11 Cases") under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Bankruptcy Court for the Southern District of New York, Case No 03-13057 (RDD) (the "Bankruptcy Court"), and

Docket #1822
eod 10/13/04

claim 2872

WHEREAS, the Chapter 11 Cases were consolidated for procedural purposes only and were jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure, and

WHEREAS, the Debtors filed their Third Amended Joint Plan of Reorganization dated June 8, 2004 (the "Plan") with the Bankruptcy Court and the Court entered its Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Third Amended Joint Plan of Reorganization on June 10, 2004 (the "Confirmation Order"), and

WHEREAS, in accordance with the terms of the Plan, on the Initial Effective Date, the ATLT was created, and

WHEREAS, pursuant to the Plan, Eugene I Davis was appointed as the plan administrator (the "Plan Administrator") for the ATLT, and

WHEREAS, among other things, the purpose of the ATLT is to (i) wind-down the Debtors' affairs, including making distributions as contemplated in the Plan, (ii) investigate, enforce and prosecute avoidance and other causes of action, (iii) object to, settle, compromise, dispute and/or prosecute disputed claims, and (iv) administer the Plan and take such actions as are necessary to effectuate the terms of the Plan, and

WHEREAS, the ATLT, as the successor to the rights of the Debtors, and the Plan Administrator has the authority to, *inter alia*, perform the duties, exercise the powers, and assert the rights of a trustee under Sections 704 and 1106 of the Bankruptcy Code, and

WHEREAS, section 6 1(a) of the Plan provides in relevant part that "[p]ursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, and subject to the terms and conditions of the

Purchase Agreement, all executory contracts and unexpired leases between the Debtors and any Person or Entity that are not listed on Schedules 2, 3 and 4 shall be deemed rejected by the Debtors on the Initial Effective Date”, and

WHEREAS, pursuant to section 6 1(a) of the Plan, the Debtors rejected the Lease on the Initial Effective Date, and

WHEREAS, on or about June 17, 2004, Claimant filed a proof of claim numbered 2872 (the “Proof of Claim”) for an unsecured, non-priority claim against ATI in the amount of \$319,175 16 (the “Rejection Claim”), and

WHEREAS, Claimant has not filed any proofs of claim in the Chapter 11 Cases besides the Proof of Claim, and

WHEREAS, the ATLT disputes the amounts sought by Claimant in the Proof of Claim, and

WHEREAS, on or about September 2, 2004, the ATLT filed its Eleventh Omnibus Objection to Certain Lease Rejection Damages Claims, which included an objection to the Proof of Claim, and

WHEREAS, the ATLT and Claimant have negotiated in good faith at arm’s length and have reached a consensual resolution, as set forth below, with respect to the Proof of Claim to avoid incurring significant additional litigation expenses that would necessarily be incurred in litigating this matter to an uncertain conclusion

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1 Upon the entry of a Final Order (as defined below) approving this Stipulation, the ATLT is hereby authorized and directed to grant Claimant an allowed ATCW Unsecured Claim (as such term is defined in the Plan) of \$300,550.26 (the "Allowed Unsecured Claim") and an allowed Secured Claim (as such term is defined in the Plan) of \$18,624.90 (the "Paid Secured Claim") in full and complete satisfaction of all of Claims (as such term is defined in the Plan) held by Claimant with respect to the Debtors, the Debtors' estates, or the ATLT, including, but not limited to, the Rejection Claim.

2 Claimant hereby stipulates and agrees that the Security Deposit constitutes full and final satisfaction of the Paid Secured Claim and no further amounts are due with respect to the Paid Secured Claim.

3 Claimant hereby stipulates and agrees to elect the Cash Recovery (as defined in the Plan) on account of the Allowed Unsecured Claim, regardless of any prior election to the contrary.

4 Upon the entry of a Final Order approving this Stipulation, the ATLT is hereby authorized and directed to expunge all the proofs of claims, other than the Allowed Unsecured Claim, from the ATLT's claims register.

5 Claimant hereby stipulates and agrees that it will not file any proofs of claim or requests for the payment of administrative expenses against the ATLT, the Debtors, or the Debtors' estates, whether in the Chapter 11 Cases or otherwise.

6 Upon entry of a Final Order approving this Stipulation, Claimant hereby irrevocably, unconditionally and without reservation of any kind waives, releases and forever discharges the ATLT, the Debtors, and the Debtors' estates, and their respective parent firms and affiliates, and their

officers, directors, employees, attorneys, professionals, and agents (collectively, the “Estate Parties”) from and against any and all past, present and future actions, causes of action, Claims, liabilities, suits, debts, judgments, and damages, of any kind whatsoever, whether matured or unmatured, whether at law or in equity, whether known or unknown, liquidated or unliquidated, foreseen or unforeseen, discoverable or undiscoverable, contingent or non-contingent, which Claimant has, had, or may have in the future against the Estate Parties

7 This Stipulation shall be governed by New York law, excluding its conflicts of laws principles and this Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation

8 The undersigned on behalf of the ATLT and Claimant each warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Stipulation on behalf of such party

9 Claimant represents and warrants to the ATLT that, as of the date hereof, it is the sole holder of all of the Proof of Claim against the Debtors, the Debtors’ estates, and the ATLT, and that Claimant has not assigned, sold, hypothecated or otherwise transferred any Claims against the Debtors, the Debtors’ estates, or the ATLT

10 This Stipulation is subject to approval by the Court and the entry of a Final Order by the Court approving this Stipulation, provided, however, that the parties shall support such Court approval and comply with this Stipulation pending the Court’s entry of a Final Order approving or disapproving this Stipulation. For the purposes of this Stipulation, the term “Final Order” shall mean an order approving this Stipulation that has not been stayed, reversed or amended and the time, as computed

under the Bankruptcy Rules, to appeal or seek review or rehearing of such order (or any revision, modification or amendment thereof) has expired and no appeal or petition for review or rehearing of such order was filed, or if filed, remains pending

11 Nothing contained in this Stipulation nor any negotiations or proceedings in connection herewith shall constitute or be deemed to be evidence of an admission by any party hereto of any liability or wrongdoing whatsoever, or the truth or untruth, or merit or lack of merit, of any claim or defense of any party. Neither this Stipulation nor any negotiations or proceedings in connection herewith may be used in any proceeding against any party for any purpose whatsoever except with respect to effectuation and enforcement of this Stipulation.

12 This Stipulation contains the entire agreement of the parties with respect to its subject matter and supersedes any prior or contemporaneous oral or written agreements. The parties acknowledge that no promise, inducement, or agreement not stated herein has been made to them in connection with this Stipulation. The parties understand and agree that this Stipulation may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by both parties and the Court. The parties agree and acknowledge that they will make no claim at any time or place that this Stipulation has been orally altered or modified or otherwise changed by oral communication of any kind or character. Each party hereto agrees that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation, construction, or enforcement of this Stipulation.

13 This Stipulation may be executed simultaneously or in one or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. A facsimile copy of a signature page is the equivalent of an original signature page

14 This Stipulation shall be binding upon the ATLT, as successor to the Debtors, and Claimant, and their predecessors, successors, heirs, subsidiaries, affiliates, assignees, agents, directors, officers, employees, the Plan Administrator, and any trustee appointed under Chapter 7 of the Bankruptcy Code

Dated New York, New York
October 12, 2004

**ALLEGIANCE TELECOM LIQUIDATING
TRUST**

By /s/ Mark Stachiw
Mark Stachiw
Allegiance Telecom Liquidating Trust
1405 S Beltline Road, Suite 100
Coppell, Texas 75019

and

**AKIN GUMP STRAUSS HAUER & FELD
LLP**

By /s/ Colin M Adams
Ira S Dizengoff, Esq (ID-9980)
Phil C Dublin, Esq (PD-4919)
Colin M Adams, Esq (CA-2913)
Jeffrey M Anapolsky, Esq (JA-8867)
590 Madison Avenue
New York, New York 10022
Telephone (212) 872-1000

Counsel to the Allegiance Telecom
Liquidating Trust

**BURKE, WARREN, MACKAY &
SERRITELLA, P.C.**

By /s/ Gerard D Ring
Gerard D Ring, Esq
22nd Floor IBM Plaza
330 North Wabash Avenue
Chicago, Illinois 60611-3607
Telephone (312) 840-7000

Counsel to Lincoln-Carlyle, Illinois Center, LLC

SO ORDERED, this 13th day of October 2004

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE