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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11 Case No.
	:	03-13057 (RDD)
ALLEGIANCE TELECOM, INC., et al.,	:	
	:	Jointly Administered
Debtors.	:	

**MOTION PURSUANT TO SECTIONS 105(a)
AND 363 OF THE BANKRUPTCY CODE FOR AN ORDER (A)
APPROVING THE SALE AND PURCHASE AGREEMENT WITH
CARRELL CLINIC JV II FOR CERTAIN REAL ESTATE, (B) AUTHORIZING
THE SALE OF CERTAIN REAL ESTATE FREE AND CLEAR OF LIENS
AND OTHER INTERESTS AND (C) APPROVING THE PAYMENT OF THE
TRANSACTION FEE TO TRANSWESTERN PROPERTY COMPANY SW, GP L.L.C.**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, “Allegiance” or the “Debtors”), respectfully represent:

Introduction

1. On May 14, 2003 (the “Commencement Date”), each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). The Debtors are authorized to operate their

businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

2. No trustee or examiner has been appointed in these chapter 11 cases. On May 28, 2003, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed a statutory creditors' committee (the "Creditors' Committee") in these chapter 11 cases.

Jurisdiction

3. This Court has subject matter jurisdiction to consider and determine this motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. Allegiance is a facilities-based national local exchange carrier that provides integrated telecommunications products and services to small and medium-sized business customers, large businesses (i.e., national customers with multiple locations), governmental entities, wholesale customers and other institutional users. Allegiance offers its customers a variety of services, including:

- local and long distance voice services, including basic telephone services and advanced calling features;
- broadband and other Internet and data services, including high-speed Internet access, wide area network interconnection, domain name registration, web hosting, email and collocation services;
- integrated local long distance/Internet access offerings, which provide customers with integrated voice and Internet access over a single broadband line;

- wholesale services to other regional and national service providers, including equipment collocation, managed modem ports and Internet protocol traffic aggregation; and
- customer premise equipment sales and maintenance services.

5. As of the September 30, 2003, Allegiance served more than 100,000 business customers in 36 markets. As of September 30, 2003, Allegiance employed approximately 2,912 people, of which approximately 98 employees were covered by collective bargaining agreements.

6. As of September 30, 2003, the Debtors had approximately \$284.1 million of unrestricted cash on hand. As of September 30, 2003, the Debtors' consolidated books and records reflected assets totaling approximately \$1.226 billion and liabilities totaling approximately \$1.455 billion. For the nine months ending September 30, 2003, the Debtors, on a consolidated basis, reported revenues of approximately \$589.4 million and net losses of approximately \$175.6 million.

7. During the past several months, the Debtors, with the support of their prepetition lenders (the "Prepetition Lenders") and the Creditors' Committee, have been engaged in multiple and extensive negotiations regarding a potential sale or other transaction to enable the Debtors to propose and file a chapter 11 plan. As a result of these negotiations, the Debtors and Qwest Communications International Inc. ("Qwest") have entered into a purchase agreement, pursuant to which Qwest agreed to serve as a stalking horse bidder and purchase substantially all of the Debtors' businesses for approximately \$300 million in cash, \$90 million in notes and the assumption of a significant amount of post-petition liabilities, subject to higher and better bids. In that regard, on December 18, 2003, the Debtors filed their motion for orders, pursuant to sections 105(a), 363, 365 and 1146(c) of the Bankruptcy Code: (a) (i) fixing the time, date and place for the bidding procedures hearing and (ii) approving the no-shop provisions set forth in

the asset purchase agreement with Qwest Communications International Inc. (“Qwest”); (b) (i) establishing bidding procedures and bid protections in connection with the sale of substantially all of the assets of the Debtors, (ii) approving the form and manner of notices, (iii) approving the asset purchase agreement subject to higher and better offers and (iv) setting a sale approval hearing date; and (c) (i) approving the sale to Qwest free and clear of all liens, claims and encumbrances, (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases and (iii) granting related relief. The sale of substantially all of the Debtors’ assets to Qwest (or a higher and better bidder) is an essential component of the Debtors’ restructuring efforts.

The Real Estate

8. Allegiance Telecom Company Worldwide (“ATCW”), a debtor in these chapter 11 cases, owns approximately 6.9 acres of undeveloped real estate located at 9301 N. Central Expressway in Dallas, Texas (the “Real Estate”). The Real Estate, which is located adjacent to the Debtors’ headquarters, was purchased in April of 2001. The intended purpose of the purchase was to expand the Debtors’ headquarters. However, due to the Debtors’ financial distress, the expansion is not -- and has not been -- feasible. As a result, the Real Estate (as noted above) is undeveloped and costs the Debtors over \$160,000 a year in real property taxes and other expenses (the “Real Estate Expenses”).

9. The Debtors do not have any current use or need for the Real Estate and the Real Estate will not be part of the Debtors’ restructuring efforts. In addition, the proposed sale of substantially all of the Debtors’ assets to Qwest does not include the Real Estate. Accordingly, based on the fact that the Real Estate (a) remains undeveloped and is unnecessary for the Debtors’ business operations, (b) burdens the Debtors with the Real Estate Expenses and (c) was not included in the proposed sale of substantially all of the assets of the Debtors, the

Debtors, in their sound business judgment, and in an effort to maximize the value of their estates, have decided to sell the Real Estate.

10. The Debtors determined that the most economic method of selling the Real Estate was to engage a broker with the requisite experience and knowledge of the local real estate market. In that regard, after conducting a search for such a broker, the Debtors selected Transwestern Property Company SW, GP LLC (“Transwestern”) as the entity best situated to assist the Debtors in selling the Real Estate.¹ In connection therewith, ATCW has entered into, subject to Court approval, that certain Exclusive Listing Agreement, made and entered into as of July 28, 2003, with Transwestern (the “Exclusive Listing Agreement”), pursuant to which, Transwestern would act as ATCW’s broker to sell the Real Estate. A copy of the Exclusive Listing Agreement is annexed hereto as Exhibit “A.”

The Purchase and Sale Agreement

11. Since July of 2003, Transwestern has engaged in an extensive marketing effort to locate a purchaser for the Real Estate. As a result thereof, the Debtors received several inquiries and letters from parties reflecting an interest in purchasing the Real Estate. After careful consideration of the various offers, the Debtors decided, in their business judgment, and in consultation with Transwestern, to accept – after extensive negotiations – an offer for the Real Estate made by Carrell Clinic JV II (“Carrell”). Specifically, subject to this Court’s approval, ATCW will sell the Real Estate to Carrell, pursuant to that certain Purchase and Sale Agreement, dated as of December 10, 2003 (the “Purchase and Sale Agreement”), a copy of which is annexed hereto as Exhibit “B.” Set forth below is a summary of the salient provisions of the

¹ As described below, Transwestern is one of the Debtors’ ordinary course professionals.

Purchase and Sale Agreement and is qualified entirely by reference to the Purchase and Sale Agreement itself:²

- Real Property. The 6.9 acres of undeveloped land described as Lot 4, Block 14/5453, Park Central North Addition, an addition to the City of Dallas, Texas according to the plat thereof recorded in Volume 98146, Page 433, Map Records, Dallas County, Texas.
- Purchase Price. The purchase price shall be \$ 6 million. (i.e., approximately, \$20 per square foot.)
- Earnest Money: Upon two (2) days after execution of the Purchase and Sale Agreement, the purchaser shall pay an earnest money deposit of \$100,000.00.
- Right of Inspection. Carrell shall be entitled to enter the property and make such reasonable investigations, studies and tests, including, without limitation, surveys, and environmental and engineering studies.
- Zoning Approval. As a condition of Carrell's obligation to close the sales transaction, Carrell shall have obtained zoning approval from the City of Dallas to permit development of the property for use as medical offices, including outpatient services.
- Extension Payment. Carrell shall have the option to extend the period of time in which to inspect the property and to secure any zoning approval three (3) times each for an additional thirty (3) days upon payment of \$25,000.00 for any such thirty (30) day extension.
- Title. ATCW shall furnish to Carrell, at ATCW's sole cost and expense, a preliminary title commitment issued by a title company. Upon Bankruptcy Court approval ATCW must have the right to convey good and marketable title to the property to the Carrell, free and clear of any and all liens and encumbrances.
- Commission. ATCW will pay Tranwestern a 3% commission of the purchase price at the closing.
- Deadline. ATCW must obtain the requisite approval of the sales transaction by the Bankruptcy Court by January 30, 2004.

² To the extent there are any inconsistencies between the summary descriptions of the Purchase and Sale Agreement contained herein and the terms and conditions of the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control.

12. By this Motion, the Debtors request an order (a) approving the Sale and Purchase Agreement with Carrell; (b) authorizing the Debtors to sell the Real Estate, pursuant to section 363 of the Bankruptcy Code, free and clear of all liens, claims and encumbrances; and (c) approving the Exclusive Listing Agreement and Transwestern Fee (as defined below).

The Debtors Should be Authorized to Sell the Real Estate

A. The Proposed Sale is Within the Debtors' Sound Business Judgment and Should Therefore be Approved

13. Section 363(b)(1) of the Bankruptcy Code provides, in pertinent part, that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). To obtain court approval for the purpose of disposing of property, the Debtors must demonstrate a legitimate business justification therefor. See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983). In that regard, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct.” Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). When a legitimate business justification exists and the debtor has articulated a reasonable basis for its decision, the law vests the debtor's decision to use property out of the ordinary course of business with a strong presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)), appeal dismissed, 3 F.3d 49 (2d Cir. 1993).

14. The Debtors submit that entering into the Purchase and Sale Agreement and selling the Real Estate is in the best interests of the Debtors, their estates, their creditors, and all parties in interest. As described above, the Debtors, through Transwestern, extensively marketed the Real Estate. Based on these marketing efforts, the Debtors received several offers for the Real Estate, each of which were carefully considered, and, thereafter, selected Carrell as the purchaser. The Debtors submit that the sale of the Real Estate to Carrell for \$6 million is in the best interests of the Debtors and the Debtors' estates. In addition, the sale of the Real Estate will realize savings for the Debtors' estates by eliminating the Real Estate Expenses. Thus, the sale of the Real Estate pursuant to the Purchase and Sale Agreement represents the most efficient and economical manner of disposing and maximizing the value of the Real Estate.

B. The Sale Satisfies the Requirement of Section 363(f) of the Bankruptcy Code for a Sale Free and Clear of Liens, Claims, Encumbrances and Interests

15. The Debtors desire to sell the Real Estate free and clear of liens, claims, encumbrances, and interests pursuant to section 363(f) of the Bankruptcy Code, with any such liens, claims, encumbrances, or interests to attach to the sale proceeds. Section 363(f) of the Bankruptcy Code provides:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if-

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

16. The Debtors submit that they satisfy such requirements. Section 363(f)(2) is satisfied in that the prepetition senior secured lenders have been notified of the relief sought in this Motion and are not objecting to the sale of the Real Estate. In connection with the sale of the Real Estate pursuant to the terms and conditions of the Purchase and Sale Agreement, the Debtors propose that any liens, claims, encumbrances, and interests asserted against the Real Estate be transferred to and attach to the amounts payable to the Debtors under the Purchase and Sale Agreement, subject to the rights, claims, defenses, and objections, if any, of all interested parties with respect thereto.

C. **Carrell is a Good Faith Buyer and is Entitled to the Protections of Section 363(m) of the Bankruptcy Code**

17. Section 363(m) of the Bankruptcy code provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). While the Bankruptcy Code does not define “good faith”, the Second Circuit in In re Colony Hill Associates, 11 F.3d 269 (2d Cir. 1997) held that:

The ‘good faith’ component of the test under §363(m) speaks to the equity of the [bidder’s] conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser’s good faith status at the judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

11 F.3d at 276.

18. The terms and conditions of the Purchase and Sale Agreement are fair and reasonable, comparable to terms of similar agreements in comparable sales. The Purchase and Sale Agreement is a product of good faith, arm's-length negotiations and was not in any way tainted by fraud, collusion or bad faith. The Purchase and Sale Agreement provides for minimal representations, warranties and covenants on the part of the Debtors, provides for a fixed time to Carrell to close the transaction and subjects Carrell to liquidated damages(i.e., \$125,000) if it does not close. Accordingly, the Debtors submit that Carrell is entitled to receive the benefit and protections of sections 363(m) of the Bankruptcy Code.

D. The Court Should Waive or Reduce the Ten Day Stay Periods Required By Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure

19. Pursuant to Bankruptcy Rule 6004(g), unless the court orders otherwise, all orders authorizing the sale of property pursuant to section 363 of the Bankruptcy Code are automatically stayed for 10 days after entry of the order. Fed. R. Bankr. P. 6004(g). The purpose of Bankruptcy Rule 6004(g) is to provide sufficient time for an objecting party to appeal before the order can be implemented. See Advisory Committee Notes to Fed. R. Bankr. P. 6004(g).

20. Although Bankruptcy Rule 6004(g) and the Advisory Committee Notes are silent as to when a court should “order otherwise” and eliminate or reduce the 10 day stay period, Collier suggests that the 10 day stay period should be eliminated to allow a sale or other transaction to close immediately “where there has been no objection to the procedure.” 10 Collier on Bankruptcy 15th Ed. Rev., 6064.09 (L. King, 15th rev. ed. 1988). Furthermore, Collier provides that if an objection is filed and overruled, and the objecting party informs the

court of its intent to appeal, the stay may be reduced to the amount of time actually necessary to file such appeal. Id.

21. As demonstrated above, the sale of the Real Estate is a valid exercise of the Debtors' business judgment and, thus, should be authorized under section 363(b) of the Bankruptcy Code. The sale is the result of extensive marketing efforts which occurred over a four (4) month period. The Debtors asserts that Transwestern targeted the most likely purchases of the Real Estates and, as a result of these extensive and strategic marketing efforts, obtained the highest and best price for the Real Estate. Accordingly, the Debtors' submit that the requirements of Bankruptcy Rule 6004 have been met.

E. The Court Should Approve The Exclusive Listing Agreement And The Transwestern Fee

22. The Debtors, subject to Court approval, will pay Transwestern, pursuant to the Exclusive Listing Agreement, a commission upon the successful sale of the Real Estate. Specifically, if the Real Estate is sold through the Exclusive Listing Agreement for the price set forth in the Sale and Purchase Agreement (i.e., \$6 million), then ATCW shall pay Transwestern a 3% commission based on the purchase price (i.e., \$180,000) and up to \$2,500 for reimbursement of expenses (collectively, the "Transwestern Fee").

23. On the Commencement Date, the Debtors filed a motion for authorization to retain certain professionals utilized in the ordinary course of the Debtors' businesses without the need for filing separate applications (the "OCP Motion"). On June 13, 2003, this Court entered an order (the "OCP Order") approving the OCP Motion. Pursuant to the OCP Order, the Debtors retained Transwestern to provide certain real estate services. Under the OCP Order, if any ordinary course professional's fees and disbursements exceed (a) a total of \$30,000 per month (the "Monthly Cap") or (b) \$500,000 in the aggregate in the Debtors' chapter 11 cases

(the “Aggregate Cap”), then the payment to such ordinary course professional for such excess amounts shall be subject to the prior approval of this Court, in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules,³ orders of this Court and the Fee Guidelines.

24. Pursuant to the Exclusive Listing Agreement, the Debtors retained Transwestern to act as the Debtors’ broker to sell the Real Estate. The services of Transwestern are - and were - necessary to enable the Debtors to maximize the value of the Real Estate for the benefit of the Debtors’ estates, creditors, and parties in interest. Transwestern possessed the necessary skills and experience to perform the services required under the Exclusive Listing Agreement. In that regard, Transwestern strategically targeted specific segments of the market to identify potential purchasers and negotiated the sale of the Real Estate with Carrell on behalf of the Debtors. Transwestern’s experience has provided the Debtors with the best opportunity for complete market coverage and value maximization of the Real Estate.

25. Transwestern is a professional broker experienced in marketing, negotiating and selling real estate of this type and nature. By retaining Transwestern to sell the Real Estate, the Debtors were able to maximize the purchase price for the Real Estate while minimizing distraction of the Debtors from their overall reorganization efforts. The administration of the marketing, negotiation and sale of the Real Estate by Transwestern pursuant to the terms and conditions of the Exclusive Listing Agreement resulted in the maximum return to the Debtors’ estates and their creditors.

26. The anticipated Transwestern Fee exceeds the Monthly Cap (but is substantially lower than the Aggregate Cap). Notwithstanding the OCP Order, the Debtors

³ Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the OCP Motion.

request approval of the Exclusive Services Agreement and authorization to pay the Transwestern Fee in accordance with the Exclusive Services Agreement eliminating the need for Transwestern to file a fee application. Notably, the Transwestern Fee is within the range of commissions paid to commercial real estate brokers in the Dallas, Texas market for commercial properties. Due to the nature of (a) the services performed by Transwestern and (b) the Transwestern Fee (i.e., a one-time commission), the Debtors believe that it is appropriate for the Court to approve the payment of the Transwestern Fee pursuant to this Motion.

Waiver of Memorandum of Law

27. This Motion does not raise any novel issues of law. Accordingly, the Debtors respectfully request that the Court waive the requirement contained in rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

Notice

28. Notice of this Motion has been provided: (a) the U.S. Trustee; (b) the attorneys for the Prepetition Lenders; (c) the attorneys for the Creditors' Committee; (d) the attorneys for the Carrell; and (e) Transwestern; and (f) all the other parties on the Master Service List maintained in these chapter 11 cases. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

No Prior Request

29. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

30. WHEREFORE the Debtors respectfully request that the Court grant the Motion in all respects and grant the Debtors such other and further relief as it deems just and proper.

Dated: New York, New York
December 24, 2003

Respectfully submitted,

/s/ Jonathan S. Henes
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)
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EXCLUSIVE LISTING AGREEMENT

THIS EXCLUSIVE LISTING AGREEMENT (this "Agreement") made and entered into as of the 28 day of July, 2003, by and between Allegiance Telecom Company Worldwide ("Owner"), and Transwestern Property Company SW, GP L.L.C. d/b/a Transwestern Commercial Services a Delaware limited liability Company ("Broker").

W I T N E S S E T H:

WHEREAS, Owner is the owner of certain real property located in Dallas, Texas at 9201 N. Central Expressway and being more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, Owner desires to retain Broker for the purpose of locating prospective purchasers of the Property, and Broker desires to serve as Broker, all upon and subject to the terms and conditions hereinafter set forth;

WHEREAS, on May 14, 2003, Allegiance Telecom, Inc. and its direct and indirect subsidiaries, including Owner, each filed voluntary petitions for reorganization pursuant to Chapter 11 of Title 11 of the United States Code with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), case number 03-13057 (RDD), and Owner is currently operating its business and managing its property as a debtor-in-possession. The parties agree and stipulate that this Agreement shall not be valid and binding until approved by the U.S. Bankruptcy Court;

NOW, THEREFORE, for and in consideration of premises and the mutual covenants and agreements herein contained, Owner and Broker hereby agree as follows:

1. Appointment. Subject to the terms and conditions hereof, Owner hereby appoints Broker and delegates to Broker the sole and exclusive right to sell the Property. Broker hereby accepts such appointment in accordance with and subject to the terms and conditions of this Agreement. Broker is authorized to offer the Property for sale at a gross sales price and upon such additional terms and conditions as are shown on Exhibit "B" attached hereto and incorporated herein by this reference. By subsequent written instruction, Owner may authorize Broker to offer the Property for sale on other terms and conditions acceptable to Owner.
2. Term.
 - (a) The term of this Agreement shall commence on Monday, July 21, 2003 and shall, unless sooner terminated as herein provided, or unless extended, expire on July 20, 2004.
 - (b) Notwithstanding anything herein to the contrary, this Agreement and the rights, duties and obligations of Owner and Broker hereunder, may sooner be terminated by Owner or Broker upon the occurrence of a default hereunder by the other party, by giving written notice to such effect to the defaulting party; or at anytime without cause by giving the other party 30 days written notice. It is expressly understood and agreed that termination

of this Agreement shall not relieve any party hereto from liabilities or claims accruing and arising up to and including the day of termination. Upon any such termination, Broker shall immediately deliver to Owner all materials in its possession relating to the Property.

3. Representations.

- (a) Broker does hereby represent to Owner that it is a real estate broker, licensed and authorized to do business in the State in which the Property is located, and that Broker has the full right, power and authority to enter into this Agreement.
- (b) Broker does hereby represent to the owner that it has reasonable knowledge of the property type, current market conditions, experience, resources and capacity to appropriately represent the owner's best interest in its service to the owner.
- (c) Owner does hereby represent to Broker that it is the owner of the Property, and that Owner has the full right, power and authority to enter into this Agreement, subject to approval of the Bankruptcy Court.

4. Duties of Broker.

- (a) Broker shall market the Property for and on behalf of Owner, diligently and in good faith, in accordance with sound, reasonable and prudent marketing practices and the highest ethical standards of conduct. Broker shall use its best efforts and the skills and resources of its organization to market the Property to prospective tenants and/or purchasers. Without limiting the foregoing, Broker shall perform the following services for and on behalf of Owner:
 - (i) Broker shall develop and implement the Disposition Proposal as prepared by the Broker for Owner. All offering materials will be presented to the Owner for review and approval before distribution to any prospective purchaser or other party.
 - (ii) Broker shall assist Owner in reviewing, evaluating and negotiating proposals to purchase the Property; and
 - (iii) Broker shall cooperate with, and shall affirmatively solicit the participation of other salesmen within its organization and other licensed real estate brokers to sell the Property (hereinafter referred to as "Cooperating Brokers").
 - (iv) Broker shall comprehensively report to Owner at regular monthly intervals on the marketing activities undertaken and will obtain Owner's approval of all advertising and other sales materials prepared for distribution to prospective purchasers.
- (b) No sign shall be placed on the Property by Broker without the prior written consent of Owner. No advertising or brochures shall be prepared or placed by Broker except with the prior written consent of Owner.

- (c) Broker will advertise the property in such a manner which, in the Broker's judgment, will most likely present an appropriate offer. Any and all marketing and advertising expenditures shall be paid for by Broker, including all mailings, signage, advertisements, fliers, and other marketing materials. Said expenditures shall be reimbursed by Owner in accordance with "Exhibit B" of this Agreement.
5. Duties of Owner. Owner agrees to assist and cooperate with Broker in its efforts to sell the Property. Without limiting the foregoing, Owner agrees to refer to Broker during the term hereof all inquiries to Owner relating to the purchase of the Property from brokers and prospective purchasers. In addition, Owner shall provide Broker with access to all surveys and other information relating to the Property in the possession of Owner at all reasonable times during normal business hours. Owner shall not be obligated to accept any proposal or offer submitted to Owner unless all terms and conditions of such offer are acceptable to Owner in its sole discretion.
6. Compensation of Broker.
- (a) As compensation for the services rendered by Broker hereunder, Owner shall pay to Broker in cash at the closing of the sale of the Property during the term hereof a commission on such sale in the amount set forth on Exhibit "B" attached hereto. Such commission shall be paid if, as and when Owner sells the Property pursuant to a contract or agreement executed by Owner during the term hereof, regardless of whether such purchase closes during or after the expiration of the term hereof. If any sale does not close, for any reason, then no commission shall be payable to Broker hereunder with respect to any such contract which fails to close.
- (b) In the event any Cooperating Broker is involved in any such sale, Broker shall share the commission due Broker hereunder with such Cooperating Broker. In no event shall Owner be obligated to pay a commission in excess of the amount set forth on Exhibit "B". Broker further agrees to indemnify Owner and hold Owner harmless from any claim for a commission by any other broker whose claim arises out of any contact with Broker or is otherwise a claim through or under Broker.
7. Prospective Purchasers. Within ten (10) days following the expiration or earlier termination of this Agreement, Broker shall furnish to Owner in writing a list of "Prospects" (as hereinafter defined), if any, with whom Broker can demonstrate to the reasonable satisfaction of Owner that Broker was, at the time of such expiration or termination, holding active and timely negotiations for the purchase of the Property. For the purposes of this paragraph, "Prospect" shall mean any person or entity who, during the term hereof: (A) was procured by Broker, (B) was provided information by Broker concerning the availability of the Property as evidenced by delivery of a marketing package, and (C) was shown the Property by Broker. If, within ninety (90) days after the expiration or earlier termination of this Agreement, Owner enters into an agreement for the sale of the Property with a Prospect, Broker shall be considered the procuring cause hereunder and shall be entitled to receive from Owner a commission in accordance with the terms hereof as if such agreement was executed prior to such expiration or termination date. If

Broker shall fail to furnish such a written list of Prospects within the ten (10) day period, Owner shall not be liable for any commission hereunder. Further, if for any reason other than intentional suspension of negotiations to avoid payment of a commission hereunder, no agreement has been reached respecting such sale with any such Prospect within said ninety (90) day period, Owner shall not be liable for any commission for such Prospect. The provisions of this Paragraph 7 shall survive the expiration or termination of this Agreement.

8. Expenses. All costs and expenses incurred by Broker in connection of the marketing the Property shall be the sole responsibility of Broker. However, said expenses shall be reimbursed by Owner in accordance with "Exhibit B" of this Agreement.
9. No Agency. Notwithstanding anything to the contrary herein, it is expressly understood and agreed that Broker is an independent contractor engaged for the purpose of soliciting prospective purchasers for the Property, and is not authorized in any manner whatsoever to act as agent for Owner, to act on behalf of Owner or to do any act which will be binding upon Owner, including, without limitation, the negotiation or execution of any sales contract or the making of any agreement with any prospective purchaser.
10. Indemnity. Broker shall indemnify, defend and hold Owner harmless from and against any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including attorney's fees and court costs, sustained or incurred by or asserted against Owner by reason of or arising out of Broker's breach of the duties and obligations required by this Agreement to be performed by it, or arising out of the actions of Broker outside of the scope of Broker's authority hereunder. The provisions of this Paragraph 10 shall survive the termination of this Agreement.
11. Notices. All notices, demands, requests or other communications required or permitted hereunder shall be deemed delivered and received when personally delivered, or faxed or when deposited in the United States mail, or with a reliable overnight delivery service such as Federal Express, and addressed to the respective parties at the address as specified below, or at such other address as they shall each specify in a notice addressed and mailed as hereinabove set forth:

To Owner:

Allegiance Telecom
9201 North Central Expressway
Dallas, TX 75231
Telephone: 469-259-2080
Fax: : 469-259-9107
Attention: Clay Myers

To Broker:

Transwestern Commercial Services
5001 Spring Valley Road, Suite 600W
Dallas, TX 75244
Telephone: 972-774-2584
Fax: 972-991-4247
Attn: Jeff Y. Smith, SIOR

12. Miscellaneous. This Agreement and the obligations of Broker hereunder shall not be assigned by Broker without the express prior written consent of Owner. This Agreement is a personal services contract relating to the Property and constitutes the entire agreement between Owner and Broker relating in any manner to the subject matter of this Agreement. No prior agreement or understanding pertaining to the same shall be valid or of any force or effect, and the covenants and agreements herein cannot be altered, changed or supplemented except in writing signed by the party against whom enforcement is sought. The captions of paragraphs in this Agreement are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. This Agreement shall be construed in accordance with the laws of the State of Texas. Time is of the essence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

OWNER:

Allegiance Telecom Company Worldwide
9201 N. Central Expressway
Dallas, TX 75231

By: 
Its: SENIOR VICE PRESIDENT OF FINANCE

BROKER:

Transwestern Property Company SW, GP L.L.C.
d/b/a Transwestern Commercial Services a
Delaware limited liability Company

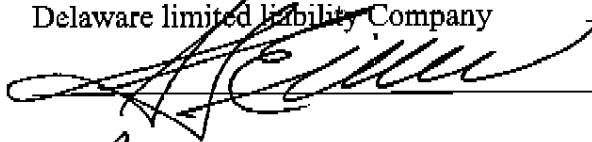

By: PRESIDENT, CENTRAL REGION
Its:

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 4, Block 14/5453, Park Central North Addition, an addition to the City of Dallas, Texas according to the plat thereof recorded in Volume 98146, Page 433, Map Records, Dallas County, Texas, street address of 9301 N. Central Expressway, Dallas, TX 75231

EXHIBIT "B"**SALES PRICE AND TERMS AND CONDITIONS OF SALE**

Sales Price: To be determined, by mutual agreement between the Owner and Broker.

Sales Commission: 3% of the purchase price.

Expenses:

In addition to the fee structure outlined above, Owner agrees to reimburse Broker up to the maximum amount hereinafter set forth, for (a) the expenses of producing and distributing descriptive marketing materials (including printing expenses, postage, electronic listing and communication service fees and the costs of procuring and reproducing photographs, renderings, site plans, blueprints, etc.) and (b) all reasonable out-of-pocket expenses incurred by Broker (including travel and related expenses previously approved by Owner) in each case whether or not a transaction is completed. Said reimbursement is not to exceed an aggregate amount of \$2,500.00 unless approved in advance by Owner. Such approval may be granted or withheld in Owner's sole discretion. The expenses paid by the Owner shall not be credited against the fee payable to Broker.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is entered into as of the Effective Date (defined below) between ALLEGIANCE TELECOM COMPANY WORLDWIDE, a Delaware corporation ("Seller"), and CARRELL CLINIC JV II, a Texas joint venture ("Purchaser").

AGREEMENTS:

In consideration of the mutual covenants set forth herein and other valuable consideration, whose receipt and sufficiency are hereby acknowledged by Seller and Purchaser, the parties agree as follows:

Section 1. **Sale and Purchase.** Seller shall sell, convey, and assign to Purchaser, and Purchaser shall purchase and accept from Seller, for the Purchase Price (defined below) and on and subject to the terms and conditions herein set forth, the tracts or parcels of real property situated in Dallas County, Texas, described on Exhibit A, together with all rights and interests appurtenant thereto (the "Property"). Upon Bankruptcy Court Approval, defined below, the Property shall be sold, conveyed, and assigned to Purchaser at Closing (defined below) free and clear of all liens, claims, and any other encumbrances whatsoever except for the Permitted Encumbrances (defined below).

Section 2. **Purchase Price.** The price (the "Purchase Price") for which Seller shall sell, convey, and assign the Property to Purchaser, and which Purchaser shall pay to Seller, is \$6,000,000.00, and shall be paid in cash as set forth in Section 11(a)(1).

Section 3. **Earnest Money.** Within two business days after the Effective Date, Purchaser shall deliver to Republic Title of Texas, Inc., whose address is 2626 Howell Street, 10th Floor, Dallas, Texas 75204 ("Title Company"), either a cashier's check or wire transfer in the amount of \$100,000.00, which the Title Company shall immediately deposit for collection in an interest-bearing account at a federally insured banking institution (such amount, together with all interest earned thereon, the "Earnest Money"). Seller and Purchaser stipulate that Purchaser's deposit of the Earnest Money is sufficient consideration for this Agreement, including without limitation, Purchaser's right of inspection and termination pursuant to Section 4 herein. If Purchaser shall fail to timely deposit the Earnest Money as provided for herein, then, at Seller's option, this Agreement shall be terminated, except for any provisions hereof which expressly survive such termination.

Section 4. **Right of Inspection; Inspection Period.**

(a) **Right of Inspection.**

(1) During the Inspection Period (defined below), Seller agrees that Purchaser and its authorized agents or representatives shall be entitled to enter upon the Property, and make such reasonable investigations, studies and tests, including, without limitation, surveys, and environmental and engineering studies, as Purchaser deems necessary or

advisable; provided, however, that Purchaser shall not be permitted to conduct physical or invasive testing (including, without limitation, any environmental testing other than a Phase I or Phase II study) without Seller's prior written consent. Seller's prior written consent for physical or invasive inspections or testing other than a Phase I or Phase II environmental testing may be conditioned upon receipt of a detailed description of the proposed physical or invasive inspection or testing, a list of contractors who will be performing the physical or invasive inspection or testing, evidence of insurance satisfactory to Seller, and such other information as Seller reasonably requires in connection with such proposed inspection or testing.

(2) Purchaser agrees that in conducting any inspections, investigations or tests of the Property, Purchaser and its agents and representatives shall (A) not unreasonably interfere with the operation and maintenance of the Property, (B) not damage any part of the Property or any personal property located thereon owned or held by any third party, (C) not intentionally injure or otherwise cause bodily harm to Seller or its guests, agents, invitees, contractors and employees, (D) maintain comprehensive general liability insurance for coverage of such risks, and in amounts of no less than that currently maintained by Seller and, if requested by Seller, Purchaser shall deliver a certificate of insurance verifying such coverage to Seller prior to entry upon the Property, (E) promptly pay when due the costs of all tests, investigations and examinations done with regard to the Property, (F) not permit any liens or other encumbrances to attach to the Property or any part thereof by reason of the exercise of Purchaser's rights hereunder, (G) fully restore the Property to the condition in which the same was found before any such inspection or tests were undertaken, (H) not reveal or disclose (to the extent not otherwise disclosed or part of the public records) any information obtained concerning the Property to anyone outside Purchaser's organization, except in accordance with the confidentiality standards set forth in Section 17 herein, (I) permit Seller and its agents and representatives to be present during any such inspection, investigation or test, and (J) not enter the Property except in accordance with Section 4.(a)(1) above.

(3) Purchaser will indemnify, defend, and hold Seller and its shareholders, officers, directors, agents, employees, controlling persons and affiliates (individually a "**Seller Party**" and collectively the "**Seller Parties**") harmless from all losses, costs, liens, claims, causes of action, liability, damages and expenses, including, without limitation, reasonable attorneys' fees incurred by any Seller Party as a result of, in connection with, or arising out of, Purchaser's or its agents' entry upon or inspections, tests or investigations of the Property conducted by or on behalf of Purchaser. Purchaser's obligations under Section 4(a)(3) shall survive the termination of this Agreement for any reason for a period of one (1) year.

(b) **Environmental Inspection Period.** If, during the Inspection Period (defined below), Purchaser discovers the presence of Hazardous Substances (as such term is defined herein) not otherwise disclosed by Seller (the "**Environmental Condition**"), Purchaser shall notify Seller in writing (which notice shall be accompanied by a report, assessment or study prepared by an independent, third-party environmental engineer licensed by the State of Texas) of the existence of such Environmental Condition and that Purchaser may terminate the

Agreement due to the Environmental Condition (the "**Notice**") prior to the end of the Inspection Period. If Seller fails to remove or otherwise remediate the Environmental Condition within sixty (60) days after delivery to Seller of the Notice (the "**Remediation Period**") within ten days following the expiration of the Remediation Period (the "**Notice Period**"), Purchaser shall have the right to elect to terminate this Agreement effective immediately upon delivery to Seller of a written notice of termination (the "**Termination Notice**"), in which event this Agreement shall be deemed terminated and the parties shall have no further rights or obligations with respect thereto, except for any rights or remedies which expressly survive such termination. If a Termination Notice is not delivered to Seller on or before the expiration of the Notice Period, Purchaser's right of termination pursuant to this Section 4.(b) shall terminate, shall be deemed to be waived, Purchaser shall be deemed to have accepted any Environmental Condition existing on the Property and Purchaser and Seller shall proceed to Closing in accordance with, and subject to, the terms and provisions of this Agreement. Any removal or remediation of the Environmental Condition commenced by Seller shall be completed prior to Closing. Notwithstanding the above, if Seller shall be proceeding diligently and in good faith to remove the Environmental Condition, the Closing Date shall be extended for each day that Seller is remediating the Environmental Condition. Notwithstanding anything herein to the contrary, unless Seller shall undertake to remediate the Environmental Condition as provided above, Seller shall not otherwise have any obligation to remediate any Environmental Condition. Upon receipt of the Notice, Seller may decline the opportunity to remediate the Environmental Condition by providing a notice to Purchaser in writing at any time during the Remediation Period following the receipt of the Notice, in which case the Remediation Period shall terminate immediately upon the date such written notice is given, and the Notice Period shall commence.

(c) **Inspection Period.** Seller covenants and agrees that Purchaser shall have sixty (60) days (the "Inspection Period") from the Effective Date within which to make any inspections, investigations, and feasibility studies Purchaser deems necessary or appropriate. At Purchaser's option, Purchaser may, prior to the expiration of the Inspection Period, extend the Inspection Period three (3) times each for an additional thirty (30) calendar day period by, in each case, (i) delivering written notice to Seller of Purchaser's election to extend the Inspection Period prior to the end of the Inspection Period and (ii) remitting an extension fee in the amount of \$25,000 with the Title Company (collectively such payments, with interest thereon, the "**Extension Fee**"). All Extension Fees will become part of the Earnest Money and at Closing will be credited on the Purchase Price.

(d) **Zoning Approval.** As a condition of Purchaser's obligation to close the transaction described in this Agreement, Purchaser shall have obtained Zoning Approval from the City of Dallas to permit development of the Property for use as medical offices, including outpatient services, as described in detail in Exhibit E ("**Intended Use**"). Purchaser covenants and agrees to file and pursue diligently an application for rezoning the Property at Purchaser's sole cost and expense within fifteen (15) days from the Effective Date. Prior to expiration of the initial Inspection Period, Purchaser shall furnish Seller with a copy of the application for rezoning the Property filed with the City of Dallas. Purchaser's failure to furnish Seller with such copy will constitute a default under this Agreement by Purchaser. Seller agrees to cooperate with Purchaser at no expense to Seller by joining in the execution of the zoning application. As used in this Agreement, the phrase "Zoning Approval" means the approval of

the City of Dallas of the Intended Use, and, if necessary, the adoption by the Dallas City Council of an ordinance changing or modifying the zoning classification of the Property, whether by waiver or amendment, to allow the Intended Use, contingent upon Purchaser's purchase of the Property. If Purchaser has not obtained Zoning Approval prior to the expiration of the Inspection Period this Agreement will terminate and Purchaser will be entitled to a refund of the Earnest Money, except for the Option Fee. Once Zoning Approval is obtained, Purchaser's right to elect any further extensions of the Inspection Period shall terminate.

Section 5. **Title.** Seller shall furnish to Purchaser, at Seller's sole cost and expense, a preliminary title commitment ("**Title Commitment**") issued by the Title Company for the Property as soon as possible after acceptance of this Agreement, but in any event within twenty (20) days after full execution of this Agreement, together with legible copies of all easements, restrictions, and other encumbrances of record set forth as exceptions in the Title Commitment, including the Disclosure Items attached as Exhibit D. Purchaser shall have a period ("**Review Period**") of ten (10) days from receipt of the latter of the Survey, as defined herein, and the Title Commitment in which to object to (i) any of said exceptions contained in the Title Commitment or (ii) any matters shown on the Survey. If Purchaser objects to any Permitted Encumbrances or to matters set forth in the Survey, Purchaser shall notify Seller of such objections in writing within said Review Period and Seller shall have a period ("**Cure Period**") of ten (10) days following receipt of the objections during which to cure said objections. If Purchaser fails to deliver its written objections to the Permitted Encumbrances or the Survey within the Review Period to Seller, Purchaser shall be deemed to have accepted such Title Commitment, Survey and all Permitted Encumbrances. If Seller is unable to cure said objections, if any, as set forth herein, Purchaser shall have the right to (i) terminate this Agreement and receive a refund of the Earnest Money, except for \$100 ("**Option Fee**"); or (ii) accept such title as Seller has and proceed to Closing, in which event it shall be conclusively deemed that Purchaser has accepted such title as Seller has at Closing. If Purchaser does deliver written objections and does not deliver to Seller written notice of Purchaser's election to terminate this Agreement within five (5) days after expiration of the Cure Period, Purchaser shall waive said objections and Purchaser's right to terminate this Agreement pursuant to the terms set forth in this paragraph and shall be deemed to have accepted such Title Commitments, Survey and all Permitted Encumbrances. For purposes of this Agreement, the phrase "**Permitted Encumbrances**" means only those exceptions approved by Purchaser (either expressly or which are deemed accepted as set forth herein) which are set forth in the Title Commitment including the Disclosure Items attached as Exhibit D or disclosed on the Survey.

Section 6. **Survey.** Seller shall furnish to Purchaser, at Seller's sole cost and expense, within twenty (20) days after full execution of this Agreement, a current perimeter staked boundary survey ("**Survey**") of the Property made by a registered professional land surveyor licensed by the State of Texas selected by Purchaser and who is reasonably acceptable to the Title Company together with a metes and bounds description. The Survey and the field notes will be used as the legal description on the Warranty Deed to be executed by Seller and delivered to Purchaser at Closing, as well as the actual square footage of the Property. The Survey will contain the surveyor's certification of all matters required to be certified thereon addressed to Purchaser, Seller, and the Title Company; and will

- (a) include a new survey plat of the Property showing dimensions, describing monuments for corners, and the north direction;
- (b) locate and show on the Survey plat lines and include metes and bounds legal descriptions of the Property;
- (c) show all existing improvements (such as buildings, power lines, fences, etc.) and show any applicable setback requirements from the front, rear, and side boundary lines of the Property;
- (d) show the location and dimensions of all utility and other easements (setting forth book and page number), alleys, streets, roads, rights-of-way, creeks, and watercourses of record or apparent on the date of the Survey, and a reference to their recording, if any, and the location and dimensions of all existing improvements, highways, streets, roads, fences, or rights-of-way on or adjacent to the Property;
- (e) identify any portion of the Property within a FEMA 100-year floodplain and contain the surveyor's calculation and certification of the number of square feet within a FEMA 100-year floodplain; or a certification that no portion of the Property is in a FEMA 100-year floodplain; and that the Property does not lie within any flood prone area as designated by the U.S. Army Corps of Engineers;
- (f) identify any encroachments upon or protrusions from the Property and contain the surveyor's certification that there are no such encroachments or protrusions except those shown;
- (g) contain the surveyor's certification as to the number of Gross Square Feet contained in the Property. For purposes of this Agreement, the phrase "**Gross Square Feet**" means the gross area contained within the boundaries of the Property.

Section 7. **Representations, Warranties, and Covenants.**

(a) **Seller.** Seller represents and warrants to, and covenants with, Purchaser that:

(1) On May 14, 2003, Allegiance Telecom, Inc. and its direct and indirect subsidiaries, including Seller, each filed voluntary petitions for reorganization pursuant to Chapter 11, Title 11 of the United States Code, Case Number 03-13057 (RDD) ("**Bankruptcy Case**"), in the United States Bankruptcy Court for the Southern District of New York ("**Bankruptcy Court**"), and Seller is currently operating its business and managing its property as a debtor-in-possession. In connection with the transactions contemplated by this Agreement, Seller will be selling the Property to Purchaser pursuant to section 363 of the Bankruptcy Code.

(2) Seller is the sole owner of the Property, will obtain the requisite approval of the Bankruptcy Court by January 30, 2004, unless the hearing date on Seller's Motion to approve this Agreement is extended by the Bankruptcy Court, is authorized to execute and deliver this Agreement subject to such Bankruptcy Court Approval, and upon Bankruptcy Court Approval will have the right to convey good and marketable title to the Property to the Purchaser, free and clear of any and all encumbrances, except for the Permitted Exceptions. "**Bankruptcy Court Approval**" means the entry by the

Bankruptcy Court of an order approving this Agreement and the transactions contemplated hereby pursuant to the Bankruptcy Code, and all periods for the appeal, modification or other reconsideration of such order having expired without any such appeal, or request for modification or other reconsideration having been filed and not withdrawn.

(3) Other than the Bankruptcy Case, there are no actions, suits, claims, assessments, or proceedings pending or to Seller's knowledge, threatened, that could materially adversely affect the ownership, operation, or maintenance of the Property or Seller's ability to perform hereunder, and Seller has not received any written notices from governmental authorities that the Property is in violation of any applicable law.

(4) Seller shall not apply for any zoning variances or similar changes of the permitted use or development of the Property, without Purchaser's prior written consent (not to be unreasonably withheld, conditioned or delayed), from the Effective Date until the earlier of (1) the Closing or (2) termination or expiration of this Agreement.

(5) Seller shall not impose any restrictions, easements or other encumbrances on the Property, without Purchaser's prior written consent, from the Effective Date until the earlier of (1) the Closing or (2) termination or expiration of this Agreement.

(6) No lease agreements, oral or written, are in effect with respect to the Property, and that Seller will not enter into any such lease agreement affecting the Property, without Purchaser's prior written consent, from the Effective Date until the earlier of (1) the Closing or (2) termination or expiration of this Agreement.

(7) After the full execution of this Agreement, Seller will cease from any further marketing of the Property and will not entertain or accept any other offers or sign any back-up contracts, except as required by the Bankruptcy Court.

(b) **Purchaser.** Purchaser represents and warrants to, and covenants with, Seller that:

(1) Purchaser has full right, power, and authority to execute and deliver this Agreement and to consummate the purchase and sale transactions provided for herein without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties. This Agreement, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms.

(2) To Purchaser's knowledge there are no actions, suits, claims, assessments, or proceedings pending or threatened that could materially adversely affect Purchaser's ability to perform hereunder.

(3) Purchaser is currently in compliance with and shall at all times prior to Closing remains in compliance with the regulations of the Office of Foreign Asset

Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(4) Purchaser will cooperate with Seller in obtaining Bankruptcy Court approval of this Agreement. Purchaser will supply evidence of its ability to Close this transaction, such as a letter of qualification from a national bank or other third party mortgage company, and such other documents or evidence as are reasonably requested by Seller in order to file, present and finalize the Bankruptcy Court Approval (defined below) of this Agreement.

(c) No broker, agent, or party other than Seller is authorized to make any representation or warranty for or on behalf of Seller. No broker, agent, or party other than Purchaser is authorized to make any representation or warranty for or on behalf of Purchaser. Neither party shall have any liability after Closing for the breach of a representation or warranty hereunder of which the other party hereto had actual knowledge as of Closing or of which the other party received written notice prior to Closing. The provisions of this Section 7(c) shall survive the Closing.

(d) Purchaser acknowledges that Purchaser has had, or by the Closing will have had, the opportunity to independently and personally inspect the Property and that Purchaser has entered into this Agreement based upon its ability to make such examination and inspection. Except for the express representations and warranties contained in Section 7(a) and the warranty of title set forth in the Deed, the Property is to be sold to and accepted by Purchaser at Closing in its then-present condition, **AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED.** Notwithstanding anything contained herein to the contrary, it is understood and agreed that, except for the express representations and warranties of Seller contained in Section 7 (a), Seller and Seller's agents or employees have not made and are not now making, and they specifically disclaim, any warranties, representations or guaranties of any kind or character, express or implied, oral or written, past, present or future, with respect to the Property, including, but not limited to, warranties, representations or guaranties as to (1) matters of title (other than Seller's warranty of title set forth in the Deed to be delivered at Closing);(2) environmental matters of any kind relating to the Property or any portion thereof (including the condition of the soil or groundwater beneath the Property); (3) geological conditions, including, without limitation, subsidence, subsurface conditions, water table, underground water reservoirs, limitations regarding the withdrawal of water and earthquake faults and the resulting damage of past and/or future earthquakes; (4) whether, and to the extent to which the Property or any portion thereof is affected by any stream (surface or underground), body of water, flood prone area, flood plain, floodway or special flood hazard; (5) drainage; (6) soil conditions, including the existence of instability, past soil repairs, soil additions or conditions of soil fill, or susceptibility to landslides, or the sufficiency of any under shoring; (7) zoning to which the Property or any portion thereof may be subject, including Purchaser's ability to secure Zoning Approval for the Intended

Uses; (8) the availability of any utilities to the Property or any portion thereof including, without limitation, water, sewage, gas and electric; (9) usages of adjoining property; (10) access to the Property or any portion thereof; (11) the value, compliance with the plans and specifications, size, location, age, use, design, quality, description, suitability, structural integrity, operation, title to, or physical or financial condition of the Property or any portion thereof, or any income, expenses, charges, liens, encumbrances, rights or claims on or affecting or pertaining to the Property or any part thereof; (12) the presence of Hazardous Substances (hereinafter defined) in or on, under or in the vicinity of the Property; (13) the condition or use of the Property by parties other than Seller or compliance of the Property with any or all past, present or future federal, state or local ordinances, rules, regulations or laws, building, fire or zoning ordinances, codes or other similar laws prior to Seller's ownership of the Property; (14) the existence or non-existence of underground storage tanks; (15) any other matter affecting the stability or integrity of the Property; (16) the potential for further development of the Property; (17) the existence of vested land use, zoning or building entitlements affecting the Property; (18) the merchantability of the Property or fitness of the Property for any particular purpose, including the intended Uses, (Purchaser affirming that Purchaser has not relied on Seller's or Seller's agents' or employees' skill or judgment to select or furnish the Property for any particular purpose, and that Seller makes no warranty that the Property is fit for any particular-purpose); or (19) tax consequences. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 7(a) AND THE WARRANTY OF TITLE SET FORTH IN THE DEED, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND TO PURCHASER, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL CONDITION OF THE PROPERTY AND ANY IMPROVEMENTS LOCATED THEREON, OR THEIR SUITABILITY FOR ANY PARTICULAR PURPOSE OR OF MERCHANTABILITY. PURCHASER SHALL RELY ON ITS INVESTIGATIONS OF THE PROPERTY IN DETERMINING WHETHER TO ACQUIRE IT. THE PROVISIONS OF THIS SECTION ARE A MATERIAL PART OF THE CONSIDERATION FOR SELLER'S ENTERING INTO THIS AGREEMENT, AND SHALL SURVIVE CLOSING.

Section 8. Investigative Studies. If Purchaser terminates this Agreement for any reason, Purchaser shall deliver to Seller concurrently with Purchaser's written notice of such termination, copies of any and all reports, tests or studies involving structural or geologic conditions, Environmental Conditions, hazardous waste or Hazardous Substances contamination of the Property, if any; provided, however, Purchaser shall have no obligation to cause any such tests or studies to be performed on the Property. Seller hereby acknowledges that Purchaser has not made and does not make any warranty or representation regarding the truth or accuracy of any such studies or reports and has not undertaken any independent investigation as to the truth or accuracy thereof. Purchaser shall have no liability or culpability of any nature as a result of having provided such information to Seller or as a result of Seller's reliance thereon.

Section 9. Purchaser Represented by Counsel. Purchaser hereby represents and warrants to Seller that: (a) Purchaser is represented by legal counsel in connection with the transaction contemplated by this Agreement; and (b) Purchaser is purchasing the Property for business, commercial, investment or other similar purpose and not for use as Purchaser's

residence. Purchaser waives any and all rights or remedies it may have or be entitled to, deriving from disparity in size or from any significant disparate bargaining position in relation to Seller.

Section 10. **Purchaser's Release of Seller.** The Seller Parties are hereby released from all responsibility and liability regarding the condition (including the presence in the soil, air, structures and surface and subsurface waters, of materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws, rules, regulations or guidelines ("**Hazardous Substances**"), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever. Without limitation, Purchaser specifically releases Seller Parties from any claims it or its successors and assigns may have against Seller now or in the future under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as amended; and the Texas Solid Waste Disposal Act, Tex. Health & Safety Code, Chapter 361, as amended; any other analogous state or federal statute; and common law arising from the environmental conditions of the Property or the presence of Hazardous Substances, solid wastes, or any other pollutants or contamination the Property. Purchaser expressly acknowledges that Purchaser has not relied on any warranties, promises, understandings or representations, express or implied, oral or written, of any Seller Party, relating to the Property which are not contained in this Agreement or in the Deed, and that Purchaser is acquiring the Property in its present condition and state of repair, "as is, where is", with all defects, latent or apparent. Purchaser acknowledges that any information of any type which Purchaser has received or may receive from any Seller Party, including, without limitation, any environmental reports and surveys, is furnished on the express condition that Purchaser shall make an independent verification of the accuracy of such information, all such information being furnished without any warranty whatsoever.

Section 11. **Closing.** The Closing shall occur on the next business day after fifteen (15) days after both (1) the receipt by Purchaser of Zoning Approval, as defined herein, and (2) Bankruptcy Court approval, or on such other date as the parties shall designate by written agreement (the "**Closing Date**"), as such date may be mutually extended, in the offices of Title Company commencing at 10:00 a.m. Dallas, Texas time. At the Closing the following, which are mutually concurrent conditions, shall occur:

(a) Purchaser, at its expense, shall deliver or cause to be delivered to Seller the following:

(1) No later than 1:00 p.m., Dallas, Texas time on the Closing Date, immediately available cash funds in the amount of the Purchase Price as specified in Section 2, adjusted in accordance with Section 11 of this Agreement;

(2) evidence satisfactory to Seller and Title Company that the person executing the Closing documents on behalf of Purchaser has full right, power, and authority to do so; and

(3) any other document or instrument reasonably required by the Title Company to consummate the Closing pursuant to the terms set forth herein.

(b) Seller, at its expense, shall deliver or cause to be delivered to Purchaser the following:

(1) One (1) Special Warranty Deed (the "**Deed**") in the form of Exhibit B, fully executed and acknowledged by Seller, conveying to Purchaser the Property, subject only to the Permitted Encumbrances;

(2) certificate in the form of Exhibit C meeting the requirements of 1445 of the Internal Revenue Code of 1986, executed and sworn to by Seller;

(3) Owner policy of title insurance in the amount of the Purchase Price issued by Title Company, insuring that Purchaser is the owner of indefeasible fee simple title to the Property subject only to the Permitted Encumbrances and the standard printed exceptions included in a Texas standard form of owner's policy of title insurance, as modified by the Title Company at Purchaser's request; however, the standard exception for taxes shall be limited to the year in which the Closing occurs, and subsequent years and subsequent assessments for prior years due to change in land usage or ownership. At Purchaser's election, and at Seller's sole expense, if the Survey is acceptable to the Title Company for such purposes, the standard exception pertaining to "discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or any overlapping of improvements," shall be deleted except for "shortages in area"; the policy in the form set forth above shall be referred to herein as the "**Owner's Policy**";

(4) evidence satisfactory to Purchaser and the Title Company that the persons executing and delivering the Closing documents on behalf of Seller have full right, power and authority to do so; and

(5) any other document or instrument reasonably required by Purchaser or the Title Company to consummate the Closing pursuant to the terms set forth herein.

(c) Purchaser shall pay (1) the cost of recording the Deed and any other conveyance documents Purchaser may choose to record, (2) any expenses or charges incurred in connection with any loan obtained by Purchaser, (3) one-half of all escrow fees or similar charges of the Title Company, and (4) the cost of obtaining any other items required to be delivered by Purchaser to Seller at Closing, or for which Purchaser is responsible for the cost as provided herein.

(d) Ad valorem taxes for the current year will be prorated at the Closing effective as of the Closing Date. If the Closing occurs before the tax rate is fixed for the then current year, the apportionment of taxes will be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. Purchaser shall indemnify and hold Seller Parties harmless from and against all costs, claims and liabilities (including, without limitation, penalties, interest and other charges) arising out of Purchaser's failure to timely pay all such taxes and assessments. The provisions of this Section 11(d) shall survive the Closing without limitation.

(e) Title Company shall apply the Earnest Money, less the Option Fee, to the cash portion of the Purchase Price and deliver the Extension Fees and Option Fee to Seller.

(f) Upon completion of the Closing, Seller shall deliver to Purchaser possession of the Property, subject only to the Permitted Encumbrances.

Section 12. **Commissions.** Upon Closing, Seller agrees to pay the Principal Broker named below and Purchaser agrees to pay the Cooperating Broker named below a real estate brokerage fee in the amount set forth in separate commission agreements. Such real estate brokerage fee will be paid in cash, but such payment is conditioned upon Closing of the transaction described in this Agreement. As provided for in the Texas Real Estate License Act, Purchaser is advised to have an abstract of title for the Property examined by an attorney of its choice, or to obtain a policy of title insurance.

Section 13. **Taking Before Closing.** If, before Closing, all or any material part of the Property becomes subject to condemnation or eminent domain proceedings, then Seller shall promptly notify Purchaser thereof ("**Seller's Notice**"). Purchaser may elect to proceed with the Closing (subject to the other provisions of this Agreement) by delivering notice thereof to Seller within five business days after receipt of Seller's Notice, but Purchaser shall be entitled to all condemnation awards payable as a result of such taking and, to the extent the same may be necessary or appropriate, Seller shall assign to Purchaser at Closing Seller's rights to such awards. Alternatively, Purchaser may elect to terminate this Agreement pursuant to Section 14 by delivering written notice thereof to Seller within five business days after Purchaser's receipt of Seller's notice described above. If, within five business days after Purchaser's receipt of a Seller's Notice, Seller does not receive written notice from Purchaser of Purchaser's election not to purchase the Property, Purchaser shall have waived such election under this Section 13. If, before Closing, less than a material part of the Property becomes subject to condemnation or eminent domain proceedings, then Seller shall notify Purchaser thereof, Purchaser shall have no right to terminate this Agreement, and the parties shall proceed with the Closing, but Purchaser shall be entitled to all condemnation awards payable as a result of such taking and, to the extent the same may be necessary or appropriate, Seller shall assign to Purchaser at Closing Seller's rights to such awards. For the purposes of this Section 13, a taking shall be considered to be "material" if the portion of the Property taken results in a decrease of at least twenty percent of the Gross Square Feet.

Section 14. **Termination and Remedies.**

(a) If Purchaser elects to exercise any right of termination it may have under the Agreement, then (1) this Agreement shall terminate and Purchaser shall have no further right to purchase the Property, and (2) the Earnest Money, less the Option Fee shall be delivered to Purchaser.

(b) If Purchaser defaults on its obligations hereunder or otherwise fails to consummate the purchase of the Property pursuant to this Agreement for any reason other than its election not to purchase the Property pursuant to a right granted to Purchaser in this Agreement, then Seller, as its sole and exclusive remedy and by delivery of written

notice thereof to Purchaser, may (1) terminate this Agreement, whereupon neither Seller nor Purchaser shall have any further rights or obligations hereunder, except for those that by their terms survive the termination of this Agreement; and (2) receive the Earnest Money and Extension Fees as liquidated damages which the Title Company shall promptly deliver to Seller upon the Title Company's receipt of such notice from Seller.

(c) If Seller fails to consummate the sale of the Property pursuant to this Agreement for any reason other than failure to obtain Bankruptcy Court Approval, Purchaser's failure to perform its obligations hereunder or Purchaser's election to not purchase the Property in accordance with the terms of this Agreement, then Purchaser, as its sole and exclusive remedy, may (1) terminate this Agreement, whereupon neither Seller nor Purchaser shall have any further rights or obligations hereunder, except for those that by their terms survive the termination of this Agreement; and (2) receive the Earnest Money and Extension Fees, if any were paid by Purchaser, as liquidated damages which the Title Company shall promptly deliver to Purchaser upon the Title Company's receipt of such notice from Purchaser; or (3) enforce specific performance of this Agreement. In such event, the Option Fees shall be paid to Seller. The provisions of this Section 14(c) shall survive the termination of this Agreement.

(d) The provision for payment of liquidated damages in this Section has been included because, in the event of a breach by a party, the actual damages to be incurred by the other party can reasonably be expected to approximate the amount of liquidated damages called for herein and because the actual amount of such damages would be difficult, if not impossible, to measure accurately.

(e) In the event the Bankruptcy Court does not approve this Agreement by January 30, 2004, unless the hearing date on Seller's Motion to approve this Agreement is extended by the Bankruptcy Court, this Agreement shall automatically terminate and (1) neither Seller nor Purchaser shall have any further rights or obligations hereunder, except for those that by their terms survive the termination of this Agreement; (2) Purchaser shall receive the Earnest Money as liquidated damages which the Title Company shall promptly deliver to Purchaser upon the Title Company's receipt of such notice from Purchaser; and (3) the Extension Fees, if any were paid by Purchaser, shall be paid to Seller. The provisions of this Section 14(e) shall survive the termination of this Agreement.

Section 15. **Reporting Person.** Purchaser and Seller hereby designate Title Company as the "reporting person" pursuant to the provisions of Section 6045(e) of the Internal Revenue Code of 1986, as amended.

Section 16. **Confidentiality.** Each party hereto agrees to maintain in confidence, and not to discuss with or to disclose to any person or entity who is not a party to this Agreement, the Purchase Price or any material term of this Agreement, except as provided in this Section ("**Confidential Information**"). Seller may publicly disclose the existence of this Agreement

provided that the identity of Purchaser and the Purchase Price is not disclosed (unless required by law or court order). Either party may disclose the other party's Confidential Information to its representatives, bankers, bondholders, creditors, shareholders, investors and potential investors, prospective purchasers of such party, auditors and attorneys, provided that each such recipient agrees in advance to abide by confidentiality terms no less restrictive than the terms of this Section; and to the extent required by the Bankruptcy Court in Seller's bankruptcy proceeding, to Seller's creditors' committee in its bankruptcy proceeding and to counsel and financial advisors for Seller's post petition lenders in its bankruptcy proceeding, provided that each such recipient agrees in advance to abide by confidentiality terms no less restrictive than the terms of this Section. Except as otherwise provided below, Purchaser shall not disclose to anyone other than its partners and financiers any information disclosed by Seller to Purchaser which is not generally known by the public regarding the Property (unless otherwise required to get Zoning Approval or by law or court order). Each party hereto may discuss such matters with and disclose such matters to its accountants, attorneys, existing or prospective lenders, investment bankers, underwriters, rating agencies, partners, consultants and other advisors to the extent such parties reasonably need to know such information and are bound by a confidentiality obligation identical in all material respects to the one created by this Section. Additionally, each party may discuss and disclose such matters to the extent necessary to comply with any requirements of the Securities and Exchange Commission or in order to comply with any law or interpretation thereof or court order. This provision shall survive termination of this Agreement, but except for the next sentence, shall terminate upon the Closing. Any press release to be made regarding any matter which is the subject of the confidentiality obligation created in this Section shall be subject to the reasonable approval of Purchaser and Seller, respectively, both as to timing and content.

Section 17. **Notices.** All notices and other communications given pursuant to this Agreement shall be in writing and shall be (1) mailed by first class, United States mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address listed below, (2) hand delivered to the intended addressee, (3) sent by nationally recognized overnight courier, or (4) sent by facsimile transmission followed by a confirmatory letter. Notice sent by certified mail, postage prepaid, shall be effective three business days after being deposited in the United States mail; all other notices shall be effective upon delivery to the address of the addressee. Seller and Purchaser hereby agree not to conduct the transactions or communications contemplated by this Agreement by electronic means, except by facsimile transmission as specifically set forth in this Section; nor shall the use of the phrase "in writing" or the word "written" be construed to include electronic communications except by facsimile transmissions as specifically set forth in this Section. Either party hereto may change its address for notice by giving three days prior written notice thereof to the other party. For purposes of notice, the addresses of the parties shall be as follows:

To Seller: Allegiance Telecom Company Worldwide
9201 N. Central Expressway
Dallas, Texas 75231
Attn: G. Clay Myers, Senior Vice President, Finance and
Accounting
Phone: 469-259-2080
Fax No.: 469-259-9107
Email: clay.myers@algx.com

With Copy To: Allegiance Telecom Company Worldwide
9201 North Central Expressway
Dallas, Texas 75231
Attn: Randall Hand, Legal Department
Phone: 469-259-2060
Fax: 469-259-9120
Email: Randall.hand@algx.com

To Purchaser: Carrell Clinic JV II
Attn: Ron Studdard, Venture Manager
2909 Lemmon Avenue
Dallas, Texas 75204
Phone: 214-220-2468
Fax No.: ~~214-855-5172~~ 214-397-1555
Email: rstuddard@wbcarrellclinic.com

With Copy To: Prager, Metzger and Kroemer PLLC
Attn: Jerome L. Prager, Esq.
2626 Cole Avenue, Suite 900
Dallas, Texas 75204-1083
Phone: 214-969-7600
Fax No.: 214-969-7635
Email: jprager@pmklaw.com

Section 18. **Assigns; Beneficiaries.** This Agreement may be assigned by Purchaser in whole or in part at any time prior to Closing to an assignee owned or controlled by Purchaser, who assumes the obligations of Purchaser under this Agreement on the condition that (1) the assignee expressly assumes the obligations of Purchaser hereunder in a written agreement, which agreement will also set forth such assignee's taxpayer identification number; (2) the assignee is financially able to purchase the property and close this Agreement; and (3) such written agreement is delivered to Seller no less than three business days prior to the expiration of the Inspection Period. Other than as set forth in the first sentence of this Section 18, Purchaser shall not assign this Agreement or Purchaser's rights, duties and obligations hereunder without the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned, or delayed), and any attempt to do so shall constitute a default by Purchaser hereunder. Notwithstanding any assignment, Purchaser shall remain liable for the performance of its obligations hereunder. Except in connection with a sale of stock, assets, merger or other

reorganization, Seller shall not, prior to the Closing, assign this Agreement or Seller's rights, duties and obligations hereunder without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed). This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective heirs, legal representatives, successors, and assigns. This Agreement is for the sole benefit of Seller and Purchaser (including permitted assignees), and no third party (including without limitation subsequent owners of the Property) is intended to be a beneficiary of or have the right to enforce this Agreement.

Section 19. **Governing Law; Jurisdiction.** This Agreement shall be governed and construed in accordance with the laws of the State of Texas.

Section 20. **Entire Agreement.** This Agreement is the entire agreement between Seller and Purchaser concerning the purchase and sale of the Property, and no modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on either party unless reduced to writing and signed by the party to be bound. All Exhibits attached hereto (to the extent applicable) are incorporated herein by this reference for all purposes.

Section 21. **Business Days; Holidays; Weekends.** As used in this Agreement, the term "**business day**" means any day, other than a Saturday or Sunday, on which banks located in Dallas, Texas are not required or authorized to close. If the date of any notice or action required or permitted by this Agreement falls on a date which is not a business day, then such date shall be extended to the next business day. Time is of the essence with respect to each date by which or period within which any notice, approval or event is required hereunder.

Section 22. **Discharge of Obligations.** The acceptance of the Deed by Purchaser at Closing shall be deemed to be a full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Agreement, except for those obligations which survive the Closing as expressly set forth herein.

Section 23. **Rule of Construction; No Waiver.** Purchaser and Seller acknowledge that each party has reviewed this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments hereto. No provision of this Agreement shall be deemed to have been waived by either party unless the waiver is in writing and signed by that party. No custom or practice which may evolve between Purchaser and Seller during the term of this Agreement shall be deemed or construed to waive or lessen the right of either of the parties hereto to insist upon strict compliance with the terms of this Agreement.

Section 24. **Multiple Counterparts.** To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this instrument to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. A signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

Section 25. **Invalid Provisions.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Section 26. **Recordation.** Neither this Agreement nor any memorandum thereof shall be recorded in the office of the county clerk of the county in which the Property is located. If Purchaser causes this Agreement or any memorandum thereof to be so recorded, Purchaser shall be in default hereunder, thereby entitling Seller to terminate this Agreement. Notwithstanding any such termination of this Agreement, Purchaser shall be obligated to execute an instrument in recordable form releasing this Agreement and all rights of Purchaser hereunder, and Purchaser's obligations pursuant to this Section 26 shall survive any termination of this Agreement as a surviving obligation.

Section 27. **Attorneys' Fees.** In the event of litigation between the parties in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. The obligation in the immediately preceding sentence shall survive any termination of this Agreement or the Closing as a surviving obligation.

Section 28. **Time is of the Essence.** Time is of the essence in this Agreement.

Section 29. **Effective Date.** As used in this Agreement, the "**Effective Date**" shall be the latter date on which this Agreement is executed by the Purchaser or Seller.

Section 30. **Miscellaneous.** Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender where appropriate. The headings of the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words "hereof" and "herein" refer to this entire Agreement and not merely the Section in which such words appear.

Executed as of the Effective Date.

PRINCIPAL BROKER:
TRANSWESTERN COMMERCIAL
SERVICES

SELLER:
ALLEGIANCE TELECOM COMPANY
WORLDWIDE, a Delaware corporation

By: [Signature]
Name: HENRY KUMAR
Title: SENIOR V.P.
Date: 12-10-03
Address: 5001 Spring Valley Road
Suite 600W
Dallas, Texas 75244
Fax No.: 972-991-4247

By: [Signature]
Name: G. CLAY MYERS
Title: SVP-FINANCE
Date: 12/10/2003

Reviewed By
Allegiance Telecom Legal
[Signature]
Date 12/10/2003

COOPERATING BROKER:
NEWT WALKER COMPANY

PURCHASER:
CARRELL CLINIC JV II,
a Texas joint venture

By: [Signature]
Name: John Newton Walker
Title: President
Date: 12/10/03
Address: 2518 Thomas Avenue
Dallas, Texas 75201
Fax No.: 214-871-2627

By: [Signature]
Name: Ron Studdard
Title: Venture Manager
Date: 12/10/03

TITLE COMPANY JOINDER

Title Company joins herein in order to evidence its agreement to perform the duties and obligations of Title Company set forth herein and to acknowledge receipt of (a) a fully-executed copy of this Agreement, and (b) the Earnest Money.

Dated: 12-12-03

REPUBLIC TITLE OF TEXAS, INC.

By: [Signature]
Name: Carol Hall
Title: Treasurer

Schedule of Exhibits

- A - Legal Description of the Property
- B - Form of Special Warranty Deed
- C - Form of FIRPTA Certificate
- D - Disclosure Items
- E - Intended Use

EXHIBIT A

[Legal Description of the Property]

Lot 4, Block 14/5453, Park Central North Addition, an addition to the City of Dallas, Texas according to the plat thereof recorded in Volume 98146, Page 433, Map Records, Dallas County, Texas.

EXHIBIT B

[Form of Special Warranty Deed]

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 § KNOW ALL PEOPLE BY THESE PRESENTS:
 COUNTY OF DALLAS §

Allegiance Telecom Company Worldwide ("Grantor"), for and in consideration of the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD, and CONVEYED and by these presents does GRANT, BARGAIN, SELL, AND CONVEY unto _____ ("**Grantee**") the tract or parcel of land in Dallas County, Texas, described in Exhibit A, together with all rights, titles, and interests appurtenant thereto (such land and interests are hereinafter collectively referred to as the "**Property**").

This Special Warranty Deed and the conveyance hereinabove set forth is executed by Grantor and accepted by Grantee subject to the matters described in Exhibit B attached hereto and incorporated herein by this reference, to the extent the same are validly existing and applicable to the Property (hereinafter referred to collectively as the "**Permitted Encumbrances**").

Grantee acknowledges that Grantor has independently and personally inspected the Property. Except for the warranties of title and warranties of Grantor in the Purchase and Sale Agreement between the parties, the Property is hereby conveyed to and accepted by Grantee in its present condition, **AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED.**

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the title to the Property unto the said Grantee, its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Grantor but not otherwise,.

Grantee's address is: _____

EXECUTED as of _____, 200_.

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 200_, by
_____, _____ of _____, a
_____, on behalf of said _____.

Notary Public, State of _____

After recording, return to:
Prager, Metzger and Kroemer PLLC
Attn: Jerome L. Prager, Esq.
2626 Cole Avenue, Suite 900
Dallas, Texas 75204-1083

EXHIBIT C

[Form of FIRPTA Certificate]

FIRPTA CERTIFICATE

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform _____ ("**Transferee**") that withholding of tax is not required upon the disposition of a U.S. real property interest by _____ ("**Transferor**"), the undersigned, in their capacity as _____ of _____, but not individually, hereby certifies to Transferee the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's office address is _____;

Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

By: _____
 Name: _____
 Title: _____
 Date: _____

EXHIBIT D**DISCLOSURE ITEMS**

1. Pursuant to the Declaration of Covenants, Conditions and Restrictions dated as of December 2, 1986, filed for record on December 31, 1986, in Volume 86251, Page 2837, Deed Records, Dallas County, Texas, by and among C-P Central Park, Ltd., Northpark Presbyterian Church (the "**Church**"), Glen Lakes Homeowners Association, Inc. and Our Redeemer Evangelical Lutheran Church of Dallas County, Inc., Seller presently is paying for water and electrical service to, and is providing mowing, fertilizing and other landscape maintenance services for, that portion of the property owned by the Church that is west of Glen America Drive.
2. Restrictive covenants of record at Volume 98018, Page 6622 and Volume 98018, Page 6822, Deed Records, Dallas County, Texas.
3. Terms, Provisions, Easements and Conditions contained in Parking Agreement executed by and between Central Park Venture, and Northpark Presbyterian Church, dated January 9, 1987, filed for record on January 13, 1987 and recorded in Volume 87007, Page 6618, Deed Records, Dallas County, Texas.

EXHIBIT E

[Intended Use]

Multi-story medical office building with supporting laboratory, radiological/imaging and ambulatory surgical services.

HEARING DATE AND TIME: January 15, 2004, at 10:00 a.m.
OBJECTION DEADLINE: January 9, 2004, at 4:00 p.m.

KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Fax: (212) 446-4900
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	X
	:	
Allegiance Telecom, Inc., <u>et al.</u> ,	:	Chapter 11 Case No.
	:	03-13057 (RDD)
	:	
Debtors.	:	Jointly Administered

**NOTICE OF HEARING ON MOTION OF
THE DEBTORS PURSUANT TO SECTIONS 105(a)
AND 363 OF THE BANKRUPTCY CODE FOR AN ORDER (A)
APPROVING THE SALE AND PURCHASE AGREEMENT WITH
CARRELL CLINIC JV II FOR CERTAIN REAL ESTATE, (B) AUTHORIZING
THE SALE OF CERTAIN REAL ESTATE FREE AND CLEAR OF LIENS
AND OTHER INTERESTS AND (C) APPROVING THE PAYMENT OF THE
TRANSACTION FEE TO TRANSWESTERN PROPERTY COMPANY SW, GP L.L.C.**

PLEASE TAKE NOTICE that upon the annexed motion (the "Motion"), dated December 24, 2003, of Allegiance Telecom, Inc. and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for an order, pursuant to sections 105(a) and 363 of title 11 of the United States Code, (a) approving the sale and purchase agreement with Carrell Clinic JV II for certain real estate, (b) authorizing the sale of certain real estate free and clear of liens and other interests and (c) approving the payment of the Transaction Fee to Transwestern Property Company SW, GP L.L.C., as more fully set forth in the Motion, a

hearing will be held before the Hon. Robert D. Drain, United States Bankruptcy Judge, in Room 610 of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), Alexander Hamilton Custom House, One Bowling Green, New York, New York, 10004-1408, on January 15, 2004, at 10:00 a.m. (prevailing Eastern Time), or as soon thereafter as the Debtors are heard.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules of the Southern District of New York, shall set forth the name of the objectant, the nature and amount of claims or interests held or asserted by the objectant against the Debtors’ estates or property, the basis for the objection, and the specific grounds therefor, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court’s case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with General Order M-242, and shall further be served upon (a) Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, New York 10022 (Attn. Samuel S. Kohn, Esq.); (b) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn. Pamela J. Lustrin, Esq.); (c) Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree

Street, N.E., 24th Floor, Atlanta, Georgia 30308 (Attn. Jesse Austin, III, Esq.); and (d) Akin Gump Strauss Hauer Feld LLP, 590 Madison Avenue, New York, New York 10022 (Attn. Ira S. Dizengoff, Esq.), so as to be actually received no later than January 9, 2004, at 4:00 p.m. (prevailing Eastern Time).

Dated: New York, New York
December 24, 2003

Respectfully submitted,

/s/ Jonathan S. Henes
Matthew A. Cantor (MC-7727)
Jonathan S. Henes (JH-1979)
KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11 Case No.
	:	03-13057 (RDD)
ALLEGIANCE TELECOM, INC., et al.,	:	
	:	Jointly Administered
Debtors.	:	
	X	

**ORDER PURSUANT TO SECTIONS 105(a)
AND 363 OF THE BANKRUPTCY CODE FOR AN ORDER (A)
APPROVING THE SALE AND PURCHASE AGREEMENT WITH
CARRELL CLINIC JV II FOR CERTAIN REAL ESTATE, (B) AUTHORIZING
THE SALE OF CERTAIN REAL ESTATE FREE AND CLEAR OF LIENS
AND OTHER INTERESTS AND (C) APPROVING THE PAYMENT OF THE
TRANSACTION FEE TO TRANSWESTERN PROPERTY COMPANY SW, GP L.L.C.**

Upon the motion dated December 24, 2003 (the “Motion”), of Allegiance Telecom, Inc., and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), for an order pursuant sections 105(a) and 363 of the Bankruptcy Code¹ for an order (a) approving the sale and purchase agreement with Carrell Clinic JV II for certain real estate, (b) authorizing the sale of certain real estate free and clear of liens and other interests and (c) approving the payment of the Transaction Fee to Transwestern Property Company SW, GP L.L.C., as more fully set forth in the Motion; and the Court having jurisdiction to consider and determine the Motion as a core proceeding in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that the relief requested by the Motion is based upon the Debtors’ reasonable business judgment and is necessary and in the best interests of the Debtors, their estates, and their creditors; and due notice of the Motion having been provided,

¹ Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Motion.

and it appearing that no other or further notice is necessary; and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to section 363(b) of the Bankruptcy Code, entry by the Debtors into the Purchase and Sale Agreement (and the transactions contemplated therein) is authorized; and it is further

ORDERED that, pursuant to section 363(b) of the Bankruptcy Code, Transwestern is hereby authorized to sell the Real Estate under the terms of the Purchase and Sale Agreement; and it is further

ORDERED that, pursuant to section 363(f) of the Bankruptcy Code, the Real Estate contemplated by the Purchase and Sale Agreement shall be free and clear of all liens, claims, encumbrances, and interests thereon, when sold by the Debtors and Transwestern thereunder, with all currently existing liens, claims, encumbrances, and interests in such assets, or the proceeds thereof, including those of the Debtors' prepetition senior secured lenders, or any other assets sold pursuant to the Purchase and Sale Agreement, to attach with the same validity, priority, and effect as they now may have against the Debtors' estates only to the proceeds received by the Debtors pursuant to the Purchase and Sale Agreement; and it is further

ORDERED that the Purchase and Sale Agreement was proposed, negotiated at arm's length, and entered into in good faith by the respective parties, thereby entitling Carrell to receive the benefit and protections of section 363(m) of the Bankruptcy Code; and it is further

ORDERED that, pursuant to section 105(a) and 363(b) of the Bankruptcy Code and without further application to this Court, the Exclusive Listing Agreement is approved and the Debtors are authorized to pay Transwestern the Transwestern Fee as set forth in the

Exclusive Listing Agreement in connection with Transwestern's services rendered as agent for the Debtors to sell the Real Estate; and it is further

ORDERED that this Court shall retain jurisdiction over the parties to enforce the terms of the Purchase and Sale Agreement and to determine disputes thereunder.

UNITED STATES BANKRUPTCY JUDGE

Dated: New York, New York
_____, 2004