

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**STIPULATION AND ORDER REGARDING MODIFICATION
OF THE AUTOMATIC STAY TO ALLOW EDS INFORMATION
SERVICES L.L.C. TO EXERCISE SETOFF RIGHTS AGAINST THE
SECURITY DEPOSIT HELD BY EDS INFORMATION SERVICES L.L.C.**

Allegiance Telecom, Inc. (“Allegiance”) and its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”), and EDS Information Services L.L.C. (“EDS”), as successor-in-interest to EDS/SHL Corporation, by and through their respective undersigned attorneys, hereby stipulate and agree, subject to Court approval, as follows:

WHEREAS, 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 Code (the “Bankruptcy Code”); and

WHEREAS, prior to the Commencement Date, EDS, as sublandlord, and Allegiance, as subtenant, entered into that certain sublease agreement, dated August 5, 1999 (the “Sublease,” annexed hereto as Exhibit “A”), with respect to the premises located at 1349 Empire Central, Dallas, Texas, Suites 900,¹ 1000, 1100, 1200 and 1300; and

WHEREAS, by its terms, the Sublease had an expiration date of June 30, 2003; and

¹ Prior to the Commencement Date, the Debtors surrendered Suite 900 to EDS.

WHEREAS, on May 15, 2003, the Debtors filed that certain Motion for an Order Pursuant to Section 365(a) of the Bankruptcy Code Authorizing the Debtors to Reject Certain Unexpired Leases of Nonresidential Real Property (the “Rejection Motion”); and

WHEREAS, on June 13, 2003, the Court entered its Order (a) granting the Rejection Motion and (b) authorizing, among other things, the rejection of the Sublease effective as of May 14, 2003 (the “Rejection Order”); and

WHEREAS, prior to the Commencement Date and pursuant to paragraph 8 of the Sublease, the Debtors posted with EDS, and EDS currently holds, a security deposit in the amount of \$106,088.12 (the “Security Deposit”); and

WHEREAS, EDS contends that, by virtue of the Security Deposit, it holds a secured claim arising from the rejection of the Sublease for the rent for the month of June 2003 (the last month of the Sublease) in the amount of \$91,062.77 (the “Rejection Claim”); and

WHEREAS, on November 25, 2003, EDS/SHL Corporation filed a proof of claim, which is identified in the Debtors’ claim register as proof of claim No. 1846, on account of the alleged rejection damages under the Sublease, which included the Rejection Claim and certain other charges (the “Proof of Claim”); and

WHEREAS, EDS now desires to (a) apply the Security Deposit against the Rejection Claim and (b) return the remainder of the Security Deposit in the amount of \$15,025.35 (the “Residual Amount”) to the Debtors; and

WHEREAS, the Debtors do not object to EDS's application of the Security Deposit against the Rejection Claim, provided, however, that, after such application, EDS promptly turns over the Residual Amount to the Debtors, as set forth below.

ACCORDINGLY, IT IS HEREBY STIPULATED AND AGREED AS FOLLOWS:

1. The recitals and prefatory phrases and paragraphs set forth above are hereby incorporated in full and made part of this Stipulation.
2. Upon approval of this Stipulation by the Court, the automatic stay, which has been invoked in these chapter 11 cases pursuant to section 362 of the Bankruptcy Code, shall be modified for the sole purpose of allowing EDS to apply the Security Deposit against the Rejection Claim in complete and total satisfaction of all and any claims of EDS arising from or relating to the Sublease, including the Rejection Claim, against the Debtors and their estates.
3. Except as otherwise provided in paragraph 2 herein, all protections afforded to the Debtors by section 362 of the Bankruptcy Code shall remain in full force and effect.
4. Within ten (10) calendar days of the entry of the order approving this Stipulation, EDS shall (a) turn over the Residual Amount to the Debtors and (b) withdraw the Proof of Claim.
5. Upon application of the Security Deposit against the Rejection Claim, EDS waives all claims of any kind, which EDS may have against the Debtors and their estates arising from or related to the Sublease.
6. Upon application of the Security Deposit against the Rejection Claim and the receipt of the Residual Amount by the Debtors, the Debtors waive all claims of any kind, which they may have against EDS arising from or related to the Sublease.

7. This Court shall retain jurisdiction to resolve any disputes between the parties arising with respect to this Stipulation and Order.

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

9. This Stipulation and Order shall have no force or effect and shall not be binding upon either the Debtors or EDS until it is approved by the Court.

Dated: New York, New York
April 29, 2004

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By: /s/ Jonathan S. Henes
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By: /s/ David T. Cohen
David T. Cohen, Esq.

ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

ATTORNEYS FOR EDS

SO ORDERED, this 12th day of May 2004

/s/Robert D. Drain
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

542-1-20

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EDS/SHL CORPORATION STANDARD SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (the "Sublease") is entered into as of 5 the day of August 1999, by and between the Sublandlord and Subtenant hereinafter named Upon the terms and conditions hereinafter set forth the Sublandlord and Subtenant agree as follows

1 DEFINITIONS AND BASIC PROVISIONS The following definitions and basic provisions shall be used in conjunction with and limited by the reference thereto in the provisions of this Sublease

- A "Sublandlord" **EDS/SHL CORPORATION,**
a Delaware corporation
- B Sublandlord's Address 5400 Legacy Drive (H3-2F-53)
Plano Texas 75024-3105
Attn Real Estate Leasing
- C Subtenant **ALLEGIANCE TELECOM, INC**
a Delaware corporation
- D Subtenant's Address 4 Westbrook Corporate Center Suite 400
Westchester Illinois 60154
Attn Ms Patricia E Koide
- E Subtenant Federal Tax ID 75 2721491
- F Landlord" **VRS/TA-Cole/Woodview L P**
a Texas limited partnership
- G Landlord's Address ' c/o The Holt Companies
1840 Hutton Drive Suite 100
Carrollton Texas 75006
- H "Sublease Premises" All space occupied by Subtenant known as Suite Numbers 900 1000 1100 1200 and 1300 containing a total of approximately 77,155 rentable square feet of space, which is comprised of the entirety of the 9th, 10, 11th, 12th and 13th floors, with each floor containing approximately 15,431 rentable square feet of space (collectively the "Sublease Premises" more particularly shown in Exhibit "A-1" of the Master Lease, as hereinafter defined and attached hereto as **Exhibit "A"** and made a part of this Sublease), situated in the building located at 1349 Empire Central Dallas Texas 75247 (the "Building")
- I 'Sublease Term" A period of 46 months (the "Sublease Term") commencing on September 1, 1999 (the 'Commencement Date") and expiring on June 30 2003 (the "Expiration Date")

- J 'Basic Rental' Basic Rental shall be payable in accordance with the following schedule
- (1) September 1 1999 through June 30 2001 \$1,273,057.50 per annum, or \$106,088.12 per month which is based upon the annual rate of \$16.50 per rentable square foot subject to the provisions set forth in Paragraph 1 K below and
 - (2) July 1 2001 through June 30 2003 \$1,311,635.00 per annum or \$109,302.91 per month which is based upon the annual rate of \$17.00 per rentable square foot
- K 'Rent Abatement' Subtenant shall have the right to abate the Basic Rental for the first three months of the Sublease Term, for a total abatement of \$318,264.36 (the 'Rent Abatement'), commencing on the Commencement Date, subject to the provisions set forth in Paragraph 7 D below
- L 'Base Year' The Base Year shall be the first 12 calendar months of the Sublease Term
- M EDS Personal Property Effective on the Commencement Date of this Sublease Subtenant shall purchase from Sublandlord the security system furniture phones and LAN equipment situated in and servicing the Sublease Premises (collectively the 'EDS Personal Property' more particularly described in Exhibit "B", attached hereto and made a part here), for the amount of \$700,000.00 (the 'EDS Personal Property Price'). Simultaneously with Subtenant's execution and delivery of this Sublease, Subtenant shall pay Sublandlord for the EDS Personal Property with a certified or cashiers' check provided, however, the EDS Personal Property Price shall be discounted by the amount of Personal Property Rent actually paid by Subtenant during the LOI Term as more particularly defined in that certain LOI, dated July 15, 1999 between Sublandlord and Subtenant. Upon Subtenant's purchase of the EDS Personal Property Sublandlord shall provide Subtenant a Bill Of Sale for the EDS Personal Property
- N 'Subtenant's Proportionate Share' For the purpose of determining Subtenant's pro rata share of Basic Costs as defined in the Master Lease attributable to the Sublease Premises Subtenant's Proportionate Share shall be the proportion of the rentable square footage of the Sublease Premises to the rentable square footage covered by the Master Lease it being agreed that Subtenant's Proportionate Share is 100%. The Sublease Premises represents 39.4479% of the Building, which is comprised of a total of approximately 195,587 rentable square feet
- O 'Security Deposit' Pursuant to the LOI, referenced in Paragraph 1 M above Subtenant has paid and Sublandlord acknowledges the receipt of, the amount of \$106,088.12, which is the equivalent of one month's Basic Rental (the 'Security Deposit'). The Security Deposit shall be managed in accordance with the provisions set forth in Paragraph 8 below
- P "Property" That certain real property more particularly described in the Master Lease

2 **GRANTING CLAUSE** Sublandlord in consideration of the covenants and agreements to be performed by Subtenant and upon the terms and conditions hereinafter stated does hereby lease demise and let unto Subtenant, and Subtenant does hereby take from Sublandlord the Sublease Premises to have and to hold for the Sublease Term, unless sooner terminated as hereinafter provided)

3 **MASTER LEASE** This Sublease is subject to that certain lease (the "Master Lease") dated March 13 1998, by and between Overlook Lodge LLC, succeeded in interest by **VRS/TA-Cole/Woodview LP** a Texas limited partnership (the 'Landlord') and MCI Systemhouse Corp, now known as **EDS/SHL Corporation**, a Delaware corporation (the 'Tenant') This Sublease Agreement is made subject to all applicable covenants restrictions agreements, terms and conditions of the Master Lease which are incorporated into and made a part of this Sublease as if (i) Sublandlord were the Landlord or the Sublandlord, as appropriate insofar as Sublandlord have the rights or right by law to act as so, and (ii) Subtenant were Tenant or Subtenant as appropriate except as otherwise provided to the contrary herein

4 **LANDLORD'S CONSENT** Pursuant to the Master Lease this Sublease is subject to Landlord's written consent Sublandlord shall diligently pursue obtaining Landlord's written consent to this Sublease

5 **WARRANTY BY SUBLANDLORD** Sublandlord warrants and represents to Subtenant that the Master Lease has not been amended or modified that Sublandlord is not now, and as of the commencement of the Sublease Term hereof, will not be in default or breach of any of the provisions of the Master Lease, and that Sublandlord has no knowledge of any claim by Landlord that Sublandlord is in default or breach of any of the provisions of the Master Lease

6 **CONDITION OF THE SUBLEASE PREMISES** Subtenant shall accept possession of the Sublease Premises on an AS IS basis in whatever physical condition the same may be and Sublandlord makes no representations or warranties of any kind or nature, express implied, or otherwise or any covenants of any kind or nature with regard to the condition of the Sublease Premises or with respect to the fitness thereof for Subtenant's intended uses or the quality of or manner of any services provided or to be provided by Master Landlord and any such representations warranties or covenants are hereby expressly disclaimed Without limitation of the foregoing, Sublandlord shall have no obligation to construct or pay for any tenant improvements to the Sublease Premises or make any repairs or modifications thereto for the benefit of Subtenant.

7 **RENT** Subtenant agrees to pay equal monthly installments of Basic Rental at the address indicated in Paragraph 1 above, or such other address as Sublandlord may from time to time notify Subtenant Such monthly installments shall be payable on or before the 1st day of each calendar month (without demand) commencing as of the Commencement Date Basic Rental for any fractional month at the beginning or end of the Sublease Term shall be prorated on actual days Additional rent shall include, without limitation, the Basic Costs, as described below and any and all other charges costs or expenses otherwise as set forth in the Master Lease

A **Basic Costs** The term 'Basic Costs' shall mean any and all costs and expenses incurred through the ownership operation, maintenance and insurance of the Building as more particularly set forth in the Master Lease For purposes of this Sublease the Expense Stop (as defined in the Master Lease) shall be the Basic Cost (as defined in the Master Lease) for calendar year 1999, based upon 95% occupancy of the Building Subtenant's

responsibility to pay excess Basic Cost shall not commence until the first anniversary of the commencement date of the Sublease. Sublandlord agrees that any amounts of excess Basic Cost due under the Master Lease for which Subtenant is not responsible as a result of the operation of the immediately preceding sentence shall be the sole responsibility of Sublandlord. Notwithstanding anything to the contrary in the foregoing, Subtenant shall be responsible and shall reimburse Sublandlord, for any and all after-hour overtime or extraordinary costs of electricity and/or HVAC services consumed by Subtenant in the Sublease Premises which are over and above the costs incurred from normal usage.

- B Late Charge** In the event that any monthly installment of rent, or any other payment required to be made by Subtenant under this Sublease is not received within five days after the due date, Subtenant agrees to pay a late charge (the "Late Charge") in the amount of 3% of the installment of rent due and unpaid. It is hereby understood and acknowledged that the Late Charge shall constitute liquidated damages and such liquidated damages shall be solely for the purpose of reimbursing Sublandlord for the additional costs and expenses Sublandlord presently expects to incur in connection with the handling and processing of late payments of Basic Rental and any other additional rent due and payable under this Sublease. Sublandlord and Subtenant agree that in the event of any such late payment by Subtenant, the damages resulting to Sublandlord will be difficult to ascertain precisely and that the Late Charge constitutes a reasonable and good faith estimate by the parties of the extent of such damages. If the payment of Basic Rental and any other additional rent continues not to be paid by Subtenant within 30 days after the due date thereof, Subtenant shall additionally pay interest at the rate of 10% per annum which interest shall accrue from the due date to the date of payment.
- C Non-Waiver of Rights** If Sublandlord at any time or times shall accept said rent or any other sum due to it hereunder after the same shall become due and payable, such acceptance shall not excuse delay upon subsequent occasions or constitute, or be construed as, a waiver of any of Sublandlord's rights hereunder.
- D Rent Abatement** Notwithstanding anything to the contrary in this Sublease, if Subtenant shall become in default under the terms and conditions of this Sublease and has failed to effect a cure of such default in accordance with the provisions set forth in Paragraph 14 entitled "Subtenant's Default", the total amount of the Rent Abatement shall become immediately due and payable to Sublandlord by Subtenant.
- 8 SECURITY DEPOSIT** As security for the faithful performance by Subtenant of all of its obligations under this Sublease and for the payment of any damages to which Sublandlord may be entitled in the event of a default by Subtenant hereunder, Subtenant has deposited with Sublandlord a security deposit (the "Security Deposit") in an amount equal to \$106,088.12. The Security Deposit shall be returned to Subtenant by Sublandlord without interest 30 days after the expiration of the Sublease Term, provided that Subtenant has fully and faithfully carried out all of the terms, covenants, and conditions under this Sublease. Sublandlord shall have the right at any time during the Sublease Term to apply any part or all of the Security Deposit to cure any default of Subtenant, and if Sublandlord does so, Subtenant shall, upon demand, immediately deposit with Sublandlord an additional sum to make the sum equal to the original Security Deposit amount so that Sublandlord shall have the full Security Deposit available throughout the Sublease Term.

9 **PARKING** In addition to the Sublease Premises during the Sublease Term Sublandlord hereby grants to Subtenant the parking rights set forth in Exhibit "E" of the Master Lease

10 **ALTERATIONS AND IMPROVEMENTS**

A **Sublease Premises** Provided Subtenant shall be responsible for any additional costs and liability incurred by Sublandlord under the Master Lease due to any alterations and additions made in or about the Sublease Premises by Subtenant. Subtenant may, at Subtenant's sole cost and expense, perform certain minor non-structural alterations and installations to the Sublease Premises in order to render it appropriate for conduct of Subtenant's business therein, subject to the prior approval of Sublandlord (which approval shall not be unreasonably withheld or delayed) and Landlord

B **Special Installations** Provided Subtenant shall be responsible for any additional costs and liability incurred by Sublandlord under the Master Lease due to the installation, operation, maintenance and removal of the equipment (hereinafter described) which may be installed in or about the Building including the Sublease Premises by Subtenant. Subtenant may, at Subtenant's sole cost and expense and in compliance with all applicable code and law (i) install, operate and maintain at least two antennae and/or satellite dishes on the roof of the Building with required piping and conduits therefrom to the Sublease Premises and (ii) install its fiber optics into the Building by installing conduits from the street into the Building by way of trenching and through penetrations in the exterior of the Building in at least two different locations with appropriate access to ruser space to accommodate Subtenant's conduits and piping therefor. Subtenant shall be responsible for obtaining all applicable permits and licenses required for the installation, operating and maintenance of the aforesaid installations, and if required by Landlord Subtenant shall, at Subtenant's sole cost and expense remove all such installations at the expiration of the term of the Sublease. All such installations and the plans and specifications therefor shall be subject to the prior approval of Sublandlord (which approval shall not be unreasonably withheld or delayed) and Landlord

C **Signage** Provided Subtenant shall be responsible for any additional costs and liability incurred by Sublandlord under the Master Lease due to the installation, maintenance, repair and removal of any signage installed by Subtenant on the Property, including the Building and Sublease Premises. Subtenant may, at its sole cost and expense install back-lit signage at or near the top of the Building and at other locations, in all such cases in compliance with all applicable law and code and subject to the prior approval of Sublandlord (which approval shall not be unreasonably withheld or delayed) and Landlord

11 **ASSIGNMENT AND SUBLETTING**

A **Third Party Transfer** Subtenant shall not assign or sublease any portion of the Sublease Premises to a third party without first obtaining the prior written consent of Sublandlord (which shall not be unreasonably withheld or delayed) and Landlord

B **Affiliated Party Transfer** Subtenant may, without obtaining the consent of Sublandlord, assign, sublet or transfer the Sublease or any interest therein to any parent, subsidiary or affiliated corporation of Subtenant provided, however that in the event of such assignment, subletting or transfer Subtenant shall remain

liable for its obligations under the Sublease. Subtenant shall provide a notice of any such assignment or sublease to Sublandlord as soon as reasonably possible after the completion of the transaction. An "affiliated corporation" shall mean any corporation which directly or indirectly controls or is controlled by or is under common control with Subtenant. For this purpose "control" shall mean the possession directly or indirectly of the power to direct or cause the direction or the management and policies of such corporation whether through the ownership of voting securities or by contract or otherwise. For purposes of the Sublease the following transactions relating to Subtenant shall not be deemed an assignment of the Sublease and shall not give rise to any requirement of approval or consent by any party to the Sublease, nor result in any right to terminate or alter the Sublease: any merger (including without limitation a reincorporation merger), consolidation, reorganization, stock exchange, sale of stock or substantially all of the assets or other similar or related transaction in which Subtenant is the surviving entity or if Subtenant is not the surviving entity, the surviving entity continues to conduct the business conducted by Subtenant prior to consummation of the transaction.

- C Landlord's Consent. Notwithstanding anything to the contrary in Subparagraphs A and B above, whether or not any such transfer contemplated above is to a third party or an affiliated corporation, Landlord will be provided prior notice of all contemplated transfers and if requested by Landlord, such other data required under the Master Lease and Subtenant acknowledges that Landlord may require Subtenant to first obtain Landlord's prior consent.

- 12 **SUBTENANT'S INSURANCE** Subtenant shall, at its sole cost and expense obtain and maintain commercial general liability insurance, including blanket contractual liability coverage, with limits of not less than \$2,000,000.00 combined single limit for personal injury and property damage, comprehensive automobile liability insurance covering all owned, non-owned and hired vehicles with limits of not less than \$2,000,000.00 combined single limit for personal injury and property damage and statutory workers compensation and employers liability coverage with limits of not less than \$250,000.00 and naming Sublandlord and Landlord as additional insureds as their interest may appear. The insurance policy may be carried under one or more blanket policies of insurance and shall be written by good and solvent insurance companies able to do business in Texas and satisfactory to Sublandlord and Landlord as required in the Master Lease. Within 15 days of the full execution and delivery of this Sublease and within 30 days prior to the expiration of any such policy, Subtenant shall deliver to Sublandlord a duplicate policy or certificate of insurance evidencing such coverages. Such insurance policies shall provide for no cancellation or material adverse alteration of such coverages without 30 days prior written notice to Sublandlord.

- 13 **WAIVER OF SUBROGATION** Anything in this Sublease to the contrary notwithstanding, Sublandlord and Subtenant hereby waive and release each other of and from any and all rights of recovery, claim, action or cause of action against each other, their agents, officers and employees for any loss or damage that may occur to the Sublease Premises, improvements to the Sublease Premises, or personal property (building contents) within the Sublease Premises by reason of fire or the elements regardless of cause or origin, including negligence of Sublandlord and Subtenant and their agents, officers and employees which is covered by their respective insurance policies and to the extent recovery is made for such loss or damage. Because this Paragraph 12 will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party to this Sublease agrees

immediately to give to each insurance company which has issued to it policies of fire and extended coverage insurance written notice of the terms of the mutual waivers contained in this Paragraph 12 and to have the insurance policies properly endorsed, if necessary to prevent the invalidation of the insurance coverages by reason of the mutual waivers contained in this Paragraph 12. Each party shall give the other party written notice if a waiver of subrogation is unobtainable or obtainable only at an additional expense. If the party receiving such notice agrees to reimburse the other party for such additional expense the other party shall obtain such waiver of subrogation. If a waiver is unobtainable or if a party elects not to pay the additional expense of a waiver then neither party nor their insurers shall waive such subrogation rights.

14 **SUBTENANT'S DEFAULT** The following events shall be deemed to be "Events of Default by Subtenant" under this Sublease

- A Failure to pay any monetary obligation when due and such failure continues beyond 10 days of written notice thereof to Subtenant
- B Abandonment or vacating of the Sublease Premises with non-payment of rent or any other monetary obligation which may become due and payable under this Sublease which non-payment continues beyond 10 days of written notice thereof
- C Subtenant makes an assignment for the benefit of creditors or institutes a proceeding under state or federal bankruptcy laws (or successor laws) which assignment or proceeding is not discharged within 30 days of filing,
- D A writ of attachment or execution is levied on the Sublease or a receiver is appointed with authority to take possession of the Sublease Premises which attachment execution or receiver is not removed within 15 days of filing or appointment of a receiver,
- E Any warranty, representation or statement to Sublandlord in connection with the Sublease is false or misleading in any material respect when same is made or furnished, or
- F Failure to perform any other provision, except for events deemed to be Events of Force Majeure if the failure to perform is not cured within 30 days after the receipt of Sublandlord's written notice thereof provided however, if the default cannot reasonably be cured within 30 days Subtenant shall not be in default if Subtenant commences to cure the default within the said 30 day period and diligently and in good faith continues to cure said default.

15 **REMEDIES OF SUBLANDLORD** Upon the occurrence of any Event of Default by Subtenant Sublandlord shall have the option to pursue any one or more of the following remedies as well as any other remedy available at law or in equity for such Event of Default

- A Terminate the Sublease by written notice to Subtenant in which event Subtenant shall surrender the possession and use of the Sublease Premises to Sublandlord as of the specified termination date, and all Basic Rent and any additional rent shall be accelerated and be immediately due and payable. This Sublease shall terminate in all respects except for the provisions hereof regarding Sublandlord's damages and Subtenant's liabilities arising prior to, out of and following the Event of Default and the ensuing termination, and the provisions hereof which by their terms survive termination.

- B Using lawful means enter upon and take possession of the Sublease Premises without terminating this Sublease and without being liable for prosecution or claim for damages and remove or expel Subtenant or any other person who may be occupying the Sublease Premises or any part thereof. Sublandlord may then relet upon reasonable terms all or a portion of the Sublease Premises but Sublandlord shall not be required to relet to any tenant to which Sublandlord has a reasonable objection. If Sublandlord elects to enter and relet the Sublease Premises, Sublandlord may at any time thereafter elect to terminate this Sublease provided, however no re-entry or taking possession of the Sublease Premises by Sublandlord shall be construed as Sublandlord electing to terminate this Sublease unless a written notice is given to Subtenant.
- C Sue periodically to recover damages during the period corresponding to the portion of the Sublease Term for which suit is instituted, or
- D With or without re-entering and taking possession of the Sublease Premises, and with or without further notice do whatever Subtenant is obligated to do pursuant to this Sublease. Subtenant shall reimburse Sublandlord upon demand for any expenses which Sublandlord actually incurs in complying with the terms of this Sublease on behalf of Subtenant.

If Subtenant defaults Sublandlord shall be entitled to recover damages including, but not limited to the total of all payments of Basic Rental and any and all additional rent or any other amounts owing and unpaid as of the date of the default the costs of re-entry and reletting including without limitation the cost of any clean-up, refurbishing, removal of Subtenant's property and fixtures (which shall be stored for Subtenant's benefit at Subtenant's sole expense), other expenses caused by Subtenant's failure to quit the Sublease Premises and to leave same in the required condition reasonable attorney's fees court costs advertising costs and the difference between (i) the annual Base Rent and all of Subtenant's other obligations under this Sublease and (ii) the actual annual Base Rent received by Sublandlord from the Sublease Premises for the period commencing with the date of the default and continuing through the Expiration Date.

Pursuit of any of the above stated remedies by Sublandlord after a default by Subtenant shall not preclude pursuit of any other remedies provided in this Sublease or applicable law nor shall pursuit of any remedy constitute forfeiture or waiver of any payment due to Sublandlord. No waiver by Sublandlord of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Forbearance by Sublandlord to enforce one or more of the remedies herein provided upon an Event of Default by Subtenant shall not be deemed or construed to constitute a waiver of any other violation or default.

- 16 **SUBLANDLORD WAIVERS** Sublandlord hereby waives, releases and relinquishes any and all claims, rights, interests, liens upon and rights of distraint, levy, attachment or recourse (whether arising by virtue of statute, common law or otherwise) against (a) Subtenant's telecommunications equipment, and (b) Subtenant's other equipment and data deemed to be "proprietary" (the "Proprietary Property"). Subtenant's Proprietary Property shall include, without limitation, specialized computer or data processing equipment unique to the nature of Subtenant's business including, without limitation, computer software, computer tapes, computer program tapes, computer program disks, computer program documentation and manuals, computer program codes, customer lists or other such inventory or proprietary information which may belong to Subtenant or be in the possession of Subtenant, which is located upon, in or about the Sublease Premises during the Sublease Term. The foregoing waiver, release and relinquishment is self-

operative and does not require the necessity for any further instrument or document. Notwithstanding the foregoing, Sublandlord hereby agrees to furnish, upon written request, waivers of Sublandlord's rights and liens as described herein and shall exempt the same from distraint, levy, attachment or recourse.

17 **INDEMNIFICATION**

A **Subtenant Indemnification** Subtenant shall indemnify, defend and hold Sublandlord harmless from all claims arising from Subtenant's use of the Sublease Premises or the conduct of its business or from any activity, work or thing done, permitted or suffered by Subtenant in or about the Sublease Premises, the Building or the Common Area. Subtenant shall further indemnify, defend and hold Sublandlord harmless from all claims arising from any breach or default in the performance of any obligation to be performed by Subtenant under the terms of this Sublease or arising from any act, neglect, fault or omission of Subtenant or the agents, representatives or employees of Subtenant and from and against all costs, attorneys' fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought thereon. In case any action or proceeding shall be brought against Sublandlord by reason of any such claim, Subtenant, upon notice from Sublandlord, shall defend the same at its expense.

B **Sublandlord Indemnification** Sublandlord shall indemnify, defend and hold Subtenant harmless from all claims arising from the conduct of Sublandlord's business or from any activity, work or thing done, permitted or suffered by Sublandlord in or about the Sublease Premises, the Building or the Common Area. Sublandlord shall further indemnify, defend and hold Subtenant harmless from all claims arising from any breach or default in the performance of any obligation to be performed by Sublandlord under the terms of this Sublease or arising from any act, neglect, fault or omission of Sublandlord or the agents, representatives or employees of Sublandlord and from and against all costs, attorneys' fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought thereon. In case any action or proceeding shall be brought against Subtenant by reason of any such claim, Sublandlord, upon notice from Subtenant, shall defend the same at its expense.

18 **BUILDING COMPLIANCE** Except as otherwise specified in the Master Lease with regard to repairs and alterations or building compliance, Subtenant will be solely responsible for the compliance of the Sublease Premises with the laws, statutes, ordinances, rules and regulations pertaining to accessibility and accommodation for persons with disabilities, including the removal of architectural and transportation barriers, if necessary. In addition, Subtenant acknowledges and agrees not to use the Sublease Premises in violation of any federal, state or local law, ordinance or regulation relating to health and safety.

19 **HAZARDOUS MATERIALS**

A Subtenant shall not transport, use, store, maintain, generate, manufacture, handle, dispose, release or discharge any Hazardous Material (as hereinafter defined) upon or about the Sublease Premises or the Building nor permit Subtenant's employees, agents, contractors and other occupants of the Sublease Premises to engage in such activities upon or about the Sublease Premises or the Building. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within the Sublease Premises or the Building of substances customarily used in similar buildings provided (i) such substances shall be used and maintained only in such

quantities as are reasonably necessary for Subtenant's permitted use of the Sublease Premises strictly in accordance with the any and all applicable laws statutes codes ordinances rules or regulations (the "Law") and the manufacturers instructions therefor (ii) such substances may be disposed of released or discharged at the Sublease Premises if permitted by and in compliance with the Law and shall be transported to and from the Sublease Premises in compliance with the Law and as Sublandlord or Landlord shall reasonably require (iii) if the Law or Landlord's trash removal contractor requires that any such substances from the Sublease Premises be disposed of separately from ordinary trash Subtenant shall make arrangements at Subtenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to reasonable scheduling and approval by Landlord), and shall ensure that disposal occurs frequently enough to prevent unnecessary storage or accumulation of such substances in the Sublease Premises, and (iv) any remaining such substances shall be completely, properly and lawfully removed by Subtenant from the Sublease Premises and the Building upon expiration or earlier termination of this Sublease or Subtenant's right to possession

- B The term 'Hazardous Materials' for purposes hereof shall mean any chemical, substance material or waste or component thereof, whether in a solid liquid or gaseous state which is now or hereafter listed defined or regulated as a hazardous or toxic chemical substance material or waste or component thereof by any federal, state, or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of any material safety data sheet issued by the manufacturer therefor, written information concerning the removal, transportation and disposal of the same and such other information as the requesting party may reasonably require or as may be required by the Law, including, without limitation, (a) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq, as amended from time to time and regulations promulgated thereunder (b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 42 U.S.C. § 9601 et seq as amended from time to time, and regulations promulgated thereunder, (c) Federal Water Pollution Control Act/Clean Water Act, 33 U.S.C. § 1251 et seq (d) Clean Air Act, 42 U.S.C. § 7901 et seq (e) Toxic Substances Control Act 15 U.S.C. § 2601 et seq (f) the Hazardous Materials Transportation Act 49 U.S.C. §§ 1801 et seq, and in the regulations adopted and publications promulgated pursuant to said laws, and in any revised or successor code thereto
- C Subtenant shall indemnify defend (using counsel approved by Sublandlord) and hold harmless Sublandlord, its directors, officers employees and agents, and any successors to Sublandlord's interest in the Sublease Premises their directors officers, employees and agents and Sublandlord its directors officers employees and agents, from and against any and all liability (i) including all foreseeable and all unforeseeable consequential damages directly or indirectly arising out of the use generation or storage of Hazardous Materials by Subtenant in or about the Sublease Premises and (ii) including without limitation the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other required plans, to the full extent that such action is attributable, directly or indirectly, to the presence or used, generation storage release or threatened release or spill of Hazardous Materials by Subtenant or Subtenant's employees agents, representatives contractors invitees or any other person for which Subtenant is responsible or is under the control of Subtenant on the Sublease

Premises Subtenant's obligations pursuant to the foregoing indemnity shall survive the expiration or earlier termination of the Sublease Term

- 20 **CONFIDENTIALITY/MEDIA RELEASES** Sublandlord and Subtenant agree to use reasonable efforts to keep confidential any information obtained from the other which is identified in writing by such party to be confidential. In that regard, Sublandlord and Subtenant hereby agree that all terms and conditions of this Sublease are confidential and shall not, except to the extent required by law, be released to anyone other than authorized representatives of Subtenant. Sublandlord or Landlord, if so required. Further, Sublandlord and Subtenant agree that any media releases which include references to Sublandlord shall require Sublandlord's written authorization and such references to Sublandlord shall be jointly coordinated by the appropriate employees of Subtenant and Sublandlord.
- 21 **FORCE MAJEURE** Neither Sublandlord nor Subtenant shall be deemed to be in breach of this Sublease by reason of failure to perform any of its obligations hereunder if, while and to the extent that such failure is due to acts of God, acts of the public enemy, acts of governmental authority or any other circumstances for which it is not responsible and which are not within its control or any other act under the Master Lease, provided that this provision shall not apply to failures by Subtenant to pay rental fees or other charges or to make any other money payments required by this Sublease or to Sublandlord in making reimbursements to Subtenant or refunding or paying any other money payments to Subtenant as required by this Sublease.
- 22 **ATTORNEYS FEES** In case it should be necessary for Sublandlord or Subtenant to bring any action under this Sublease, the non-prevailing party agrees to pay reasonable attorney's fees, including, without limitation, legal assistant or paralegal fees, secretarial overtime, special mailing and courier services, telecopies/faxes, filing fees and reasonable travel expenses (including, without limitation, airfare, hotel accommodations, on-the-ground transportation meals), if applicable.
- 23 **NOTICES** All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing and shall be deemed given when actually received or if refused when delivery was attempted. All notices and demands by Sublandlord to Subtenant shall be sent by (i) Federal Express or some other bonded national professional courier, (ii) hand delivered, or (iii) United States Mail, certified or registered mail, return receipt requested, postpaid and addressed to Subtenant at the address indicated in Paragraph 1 D above or to such other place as Subtenant may from time to time designate in a notice to Sublandlord. All notices and demands by Subtenant to Sublandlord shall be sent in the same manner as set forth above to the address set forth in Paragraph 1 B above or at such other person or place as Sublandlord may from time to time designate in a notice to Subtenant.
- 24 **AMENDMENTS** No agreement hereafter made shall be effective to change or modify this Sublease in whole or in part unless such agreement is in writing and signed by both parties hereto, nor shall any custom, practice or course of dealing between the parties in the administration of the terms hereof be construed to waive or lessen the right of any party to insist upon the performance by the other party in strict accordance with the terms of this Sublease.
- 25 **ENTIRE AGREEMENT** It is expressly agreed by Sublandlord and Subtenant, as a material consideration for the execution of this Sublease, that there are and were no representations, understandings, stipulations, agreements or promises pertaining thereto not incorporated in writing herein.

- 26 **BINDING EFFECT** The provisions of this Sublease shall be binding upon and inure to the benefit of Sublandlord and Subtenant respectively and to their respective heirs personal and legal representatives, successors and assigns subject to any contrary provisions herein
- 27 **AUTHORIZATION** Sublandlord and Subtenant are each authorized to enter into this Sublease and at the request of either party shall furnish upon demand a corporate resolution, proof of due authorization of partners or other appropriate documentation reasonably requested by either party evidencing such authorization
- 28 **COUNTERPARTS** This Sublease and all amendments, and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document

IN WITNESS WHEREOF, this Sublease is executed as of the date first written above

SUBLANDLORD

SUBTENANT

EDS/SHL CORPORATION

ALLEGIANCE TELECOM, INC

By



By



Name Daniel F Busch

Name Patricia E Koide

Its Director of Real Estate

Its Senior Vice President

Dated

5 Aug 99

Dated

August 2 1999

Document # 34914v7[Executable]/EDS/SHL Sublease (TX, Dallas)
Date July 30 1999//1 32 PM CST//donna

EXHIBIT "A"

**TO
SUBLEASE AGREEMENT
BETWEEN
EDS/SHL CORPORATION
AND
ALLEGIANCE TELECOM, INC**

MASTER LEASE

16009.061
(2)

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made and entered into on the 18th day of November 2002 by and among VRS/TA-COLE/WOODVIEW LP ("Landlord"), successor-in-interest to Overlook Lodge LLC ("Original Landlord"), EDS INFORMATION SERVICES LLC ("Tenant") successor-in-interest to EDS/SHL CORPORATION by merger ("EDS/SHL"), successor-in-interest to MCI Systemhouse Corp ("Original Tenant"), and ALLEGIANCE TELECOM, INC ("Subtenant")

W I T N E S S E T H

WHEREAS, Original Landlord and Original Tenant entered into that certain Lease Agreement (the "Lease") dated March 25, 1998 covering approximately 77,155 rentable square feet of rentable area in the building commonly known as Woodview Office Tower (the "Building") in Dallas Texas, consisting of 15,431 rentable square feet on the ninth (9th) floor of the Building (the "9th Floor Space") 15,431 rentable square feet on the tenth (10th) floor of the Building (the "10th Floor Space"), 15,431 rentable square feet on the eleventh (11th) floor of the Building (the "11th Floor Space"), 15,431 rentable square feet on the twelfth (12th) floor of the Building (the "12th Floor Space") and 15,431 rentable square feet on the thirteenth (13th) floor of the Building (the "13th Floor Space"),

WHEREAS, EDS/SHL and Subtenant entered into that certain Standard Sublease Agreement (the "Sublease") dated August 5, 1999, whereby Subtenant subleased the 9th Floor Space (together with other space in the Building), and

WHEREAS Landlord and Tenant desire to reduce the Premises to exclude the 9th Floor Space and to further modify the terms of the Lease as provided herein

NOW, THEREFORE for and in consideration of the sum of Ten Dollars (\$10 00) and other good and valuable consideration paid by each party hereto to the other, the receipt and sufficiency of which are hereby mutually acknowledged, Landlord and Tenant hereby agree as follows

1 Premises Effective as of the date this Amendment is executed by Landlord and Tenant (the "Surrender Date"), Tenant and Subtenant shall surrender the 9th Floor Space to Landlord the Premises shall then consist of approximately 61,724 rentable square feet of area consisting of the 10th Floor Space, the 11th Floor Space, the 12th Floor Space and the 13th Floor Space and Tenant's Proportionate Share shall be 31.5583%. Notwithstanding anything herein to the contrary, Landlord, Tenant and Subtenant shall perform and remain liable for all of their respective obligations under the Lease with respect to the 9th Floor Space which accrue prior to the Surrender Date and those provisions of the Lease which are designed to cover matters of termination and the period thereafter shall survive the termination of the Lease with respect to the

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9th Floor Space provided, however the 9th Floor Space shall be delivered to Landlord in its as-is condition without removal of any fixtures, improvements or the Furniture (defined below)

2 **Basic Rental** Tenant's Basic Rental for the period commencing on the Surrender Date shall be \$87 442 33 per month

3 **Parking** Effective as of the Surrender Date, Paragraph 1 of Exhibit E of the Lease shall be amended in its entirety to read as follows

Tenant shall be permitted to use 123 vehicular parking spaces in the parking garage associated with the Building (the "**Parking Garage**") during the Term at no cost 12 of such spaces shall be reserved parking spaces, and the remaining parking spaces shall be undesignated In addition, Tenant shall be permitted to use 186 undesignated vehicular parking spaces, the location of which shall be allocated by Landlord between the Parking Garage, the surface parking lot associated with the Building (the "**Surface Parking Lot**") and the Adjacent Parking Lot (as hereinafter defined), provided, however, that at least 64 of such 186 undesignated vehicular parking spaces shall be allocated by Landlord to the Surface Parking Lot and/or the Parking Garage

4 **Termination Fee** In consideration of the termination of the Lease with respect to the 9th Floor Space, Tenant agrees to pay to Landlord an amount equal to \$6,854 85 ("**Tenant's Termination Fee**") and Subtenant agrees to pay to Landlord an amount equal to \$113,828 45 ("**Subtenant's Termination Fee**") Subtenant's Termination Fee shall be paid in five equal monthly installments of \$22 765 69 each with an installment due and payable on the 1st day of each calendar month commencing on November 1, 2002 and ending on March 1 2003 As of November 7, 2002 Tenant and Subtenant have paid the first installment of the Tenant's Termination Fee and Subtenant's Termination Fee and four (4) payments remain due Tenant's Termination Fee shall be a one time amount of \$5,483 88 and due and payable on December 1 2002

5 **Modular Furniture** Also in consideration of the termination of the Lease with respect to the 9th Floor Space, Subtenant agrees to execute and deliver to Landlord contemporaneously with its execution and delivery of this Amendment, the Bill of Sale attached hereto as **Exhibit A** and made a part hereof for all purposes effecting the sale to Landlord of the property described in such Bill of Sale (collectively, the "**Furniture**") Tenant acknowledges that it owns no interest in the Furniture

6 **Deletion of Certain Tenant Rights** Tenant's expansion rights described in Section 26 e (Subsequent Agreements to Expand) and Exhibit G (Tenant's Right of First Refusal) to the Lease are hereby terminated and Section 26 e and Exhibit G to the Lease are hereby deleted in their entirety

7 **Condition Precedent** Notwithstanding anything herein to the contrary this Amendment is subject to, and conditioned upon, Landlord entering into a lease agreement

demising the 9th Floor Space to Assisted Living Concepts, Inc. In the event such lease agreement is not entered into by January 1, 2003, this Amendment shall be null and void *ab initio*

8 Miscellaneous

(a) Any capitalized term or phrase used in this Amendment shall have the same meaning as the meaning ascribed to such term or phrase in the Lease unless expressly otherwise defined in this Amendment

(b) In the event that the terms of the Lease conflict or are inconsistent with those of this Amendment, the terms of this Amendment shall govern

(c) Except as amended by this Amendment, the terms of the Lease remain in full force and effect

(d) This Amendment shall become effective only upon execution and delivery by both Landlord and Tenant

(e) This Amendment may be executed in multiple counterparts each of which is deemed an original but together constitute one and the same instrument

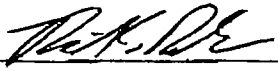
(f) As between Tenant and Subtenant and subject to the condition set forth in Section 7 above, this Amendment shall be deemed to be an amendment of the Sublease and shall effectuate the termination of Subtenant's use rights and obligations and Tenant's rights and obligations regarding the 9th Floor Space under the Sublease, all without additional payment or other obligations to Tenant from Subtenant in connection with such termination

IN WITNESS WHEREOF Landlord Tenant and Subtenant have caused this Amendment to be executed on the date set forth above

LANDLORD

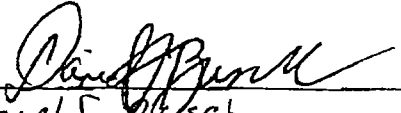
VRS/TA-COLE/WOODVIEW L P ,
a Texas limited partnership

By VRS/TA Realty Corp
its general partner

By 
Name Reid T. Parker
Title Regional Director

TENANT

EDS INFORMATION SERVICES L L C ,
a Delaware limited liability company

By 
Name Daniel F. Blesch
Title Director of Real Estate

SUBTENANT

ALLEGIANCE TELECOM, INC.,
a Delaware corporation


By _____
Name _____
Title _____

IN WITNESS WHEREOF, Landlord, Tenant and Subtenant have caused this Amendment to be executed on the date set forth above

LANDLORD

VRS/TA-COLE/WOODVIEW L P ,
a Texas limited partnership

By VRS/TA Realty Corp ,
its general partner

By 
Name Reid T Parker
Title Regional Director

TENANT

EDS INFORMATION SERVICES L L.C ,
a Delaware limited liability company

By _____
Name _____
Title _____

SUBTENANT

ALLEGIANCE TELECOM, INC ,
a Delaware corporation

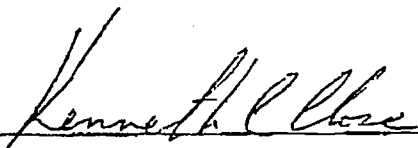
By 
Name Kenneth C. Close
Title Vice President
Real Estate & Facilities

EXHIBIT A

BILL OF SALE

DATE November ___ 2002

SELLER Allegiance Telecom Inc a Delaware corporation

SELLER'S MAILING ADDRESS _____

BUYER VRS/TA - Cole/Woodview L P , a Texas limited partnership

BUYER'S MAILING ADDRESS c/o TA Associates Realty
28 State Street, 10th Floor
Boston, MA 02109

CONSIDERATION Ten Dollars (\$10 00)

PERSONAL PROPERTY Certain modular office furniture presently located in or about the approximately 15,431 rentable square feet on the ninth (9th) floor of that certain office building (the "Building ") known locally as WOODVIEW OFFICE TOWER whose street address is 1349 Empire Central Drive, Dallas, Texas, that Buyer has leased from Seller, such modular office furniture being more particularly described on Schedule A hereto and incorporated herein

SELLER SELLS AND BUYER ACCEPTS THE DESCRIBED PERSONAL PROPERTY IN ITS "AS IS, WHERE IS" CONDITION ALL WARRANTIES OF QUALITY, FITNESS AND MERCHANTABILITY ARE HEREBY EXCLUDED SELLER REPRESENTS AND WARRANTS THAT SELLER IS THE SOLE OWNER OF THE DESCRIBED PERSONAL PROPERTY AND THAT THE DESCRIBED PERSONAL PROPERTY IS FREE AND CLEAR OF ALL LIENS AND CLAIMS OF EVERY KIND

For value received, Seller sells and delivers the personal property to Buyer and warrants and agrees to defend title to the personal property to Buyer and Buyer's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof

BUYER

VRS/TA-COLE/WOODVIEW L P
a Texas limited partnership

By VRS/TA Realty Corp
its general partner

By 
Name Fred T. Parker
Title Regional Director

SELLER

ALLEGIANCE TELECOM, INC
a Delaware corporation

By _____
Name _____
Title _____

EXHIBIT A

BILL OF SALE

DATE November __, 2002

SELLER Allegiance Telecom, Inc , a Delaware corporation

SELLER'S MAILING ADDRESS

Annabelle Jo Frycki
9201 N Central Expressway
Dallas, TX 72531

BUYER VRS/TA - Cole/Woodview L P , a Texas limited partnership

BUYER'S MAILING ADDRESS

c/o TA Associates Realty
28 State Street, 10th Floor
Boston, MA 02109

CONSIDERATION Ten Dollars (\$10 00)

PERSONAL PROPERTY

Certain modular office furniture presently located in or about the approximately 15,431 rentable square feet on the ninth (9th) floor of that certain office building (the "Building") known locally as WOODVIEW OFFICE TOWER whose street address is 1349 Empire Central Drive, Dallas, Texas, that Buyer has leased from Seller, such modular office furniture being more particularly described on Schedule A hereto and incorporated herein

SELLER SELLS AND BUYER ACCEPTS THE DESCRIBED PERSONAL PROPERTY IN ITS "AS IS, WHERE IS" CONDITION. ALL WARRANTIES OF QUALITY, FITNESS AND MERCHANTABILITY ARE HEREBY EXCLUDED SELLER REPRESENTS AND WARRANTS THAT SELLER IS THE SOLE OWNER OF THE DESCRIBED PERSONAL PROPERTY AND THAT THE DESCRIBED PERSONAL PROPERTY IS FREE AND CLEAR OF ALL LIENS AND CLAIMS OF EVERY KIND

For value received, Seller sells and delivers the personal property to Buyer and warrants and agrees to defend title to the personal property to Buyer and Buyer s successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof

BUYER

SELLER

VRS/TA-COLE/WOODVIEW L P ,
a Texas limited partnership

ALLEGIANCE TELECOM, INC ,
a Delaware corporation

By VRS/TA Realty Corp
its general partner

By Kenneth C. Close
Name — Kenneth C. Close
Title — Vice President
Real Estate & Facilities

By Reid T. Parker
Name — Reid T. Parker
Title — Regional Director

SCHEDULE A

Description of Furniture

**Woodview Office Inventory
9th Floor**

<u>Item</u>	<u>Number</u>
Ice Machine	1
Corner Round Tables	6
Conference Tables	1
Chairs (Black)	9
Reception Chairs	2
Guest Chairs	96
Desk Chairs	62
Office Desk	2
File Cabinets	67
Security Cameras	3
Security Card Readers	6
A/C Unit	1
Cubes 8x8	61
Manager Cubes 10x8	8
Storage Closest (Cubicles)	62
White Board (Cubicles)	35

EXHIBIT C

**Allegiance Telecom
As of July 31, 2003**

Monthly Rent	Due Date	Late Fee 3%	Interest 10.00%	Balance Due
\$ 91,062 77	6/1/2003	\$ 2,731 88	\$ -	\$ 93,794 65
	6/1-7/16		\$ 1,182 07	\$ 94,976 72
	7/17/2003		\$ 26 02	\$ 95,002 74
	7/18/2003		\$ 26 03	\$ 95,028 77
	7/19/2003		\$ 26 04	\$ 95,054 81
	7/20/2003		\$ 26 04	\$ 95,080 85
	7/21/2003		\$ 26 05	\$ 95,106 90
	7/22/2003		\$ 26 06	\$ 95,132 96
	7/23/2003		\$ 26 06	\$ 95,159 02
	7/24/2003		\$ 26 07	\$ 95,185 09
	7/25/2003		\$ 26 08	\$ 95,211 17
	7/26/2003		\$ 26 09	\$ 95,237 25
	7/27/2003		\$ 26 09	\$ 95,263 35
	7/28/2003		\$ 26 10	\$ 95,289 45
	7/29/2003		\$ 26 11	\$ 95,315 55
	7/30/2003		\$ 26 11	\$ 95,341 67
	7/31/2003		\$ 26 12	\$ 95,367 79
Sub-Total		<u>\$ 2,731 88</u>	<u>\$ 1,573 13</u>	

Total Late Fees

\$ 4,305 02

**Allegiance Telecom
As of August 31, 2003**

Monthly Rent	Due Date	Less Payments	Late Fee 3%	Interest 10.00%	Balance Due
Balance as of July 31, 2003	8/1/2003			\$ 26 13	\$ 95,367 79
\$ 91,062 77	8/2/2003			\$ 26 14	\$ 95,393 92
	8/3/2003			\$ 26 14	\$ 95,420 05
	8/4/2003			\$ 26 15	\$ 95,446 20
	8/5/2003			\$ 26 16	\$ 95,472 35
	8/6/2003	\$ 5,110 42		\$ 26 16	\$ 95,498 50
	8/7/2003			\$ 24 77	\$ 90,414 25
	8/8/2003			\$ 24 78	\$ 90,439 02
	8/9/2003			\$ 24 78	\$ 90,463 80
	8/10/2003			\$ 24 79	\$ 90,488 58
	8/11/2003			\$ 24 80	\$ 90,513 37
	8/12/2003			\$ 24 80	\$ 90,538 17
	8/13/2003			\$ 24 81	\$ 90,562 97
	8/14/2003			\$ 24 81	\$ 90,587 79
	8/15/2003			\$ 24 82	\$ 90,612 60
	8/16/2003			\$ 24 83	\$ 90,637 43
	8/17/2003			\$ 24 83	\$ 90,662 26
	8/18/2003			\$ 24 84	\$ 90,687 10
	8/19/2003			\$ 24 85	\$ 90,711 95
	8/20/2003			\$ 24 85	\$ 90,736 80
	8/21/2003			\$ 24 86	\$ 90,761 66
	8/22/2003			\$ 24 87	\$ 90,786 53
	8/23/2003			\$ 24 87	\$ 90,811 40
	8/24/2003			\$ 24 88	\$ 90,836 28
	8/25/2003			\$ 24 89	\$ 90,861 16
	8/26/2003			\$ 24 89	\$ 90,886 06
	8/27/2003			\$ 24 90	\$ 90,910 96
	8/28/2003			\$ 24 91	\$ 90,935 87
	8/29/2003			\$ 24 91	\$ 90,960 78
	8/30/2003			\$ 24 92	\$ 90,985 70
	8/31/2003			\$ 24 93	\$ 91,010 63
				\$ 24 93	\$ 91,035 56

Sub-Total

Total Late Fees

\$ 778 19

**Allegiance Telecom
As of September 30, 2003**

Monthly Rent	Due Date	Less Payments	Late Fee 3%	Interest 10.00%	Balance Due
Balance as of August 31, 2003					
	9/1/2003			\$ 24.94	\$ 91,035.56
	9/2/2003			\$ 24.95	\$ 91,060.50
	9/3/2003			\$ 24.95	\$ 91,085.45
	9/4/2003			\$ 24.96	\$ 91,110.41
	9/5/2003			\$ 24.97	\$ 91,135.37
	9/6/2003			\$ 24.98	\$ 91,160.34
	9/7/2003			\$ 24.98	\$ 91,185.31
	9/8/2003			\$ 24.99	\$ 91,210.29
	9/9/2003			\$ 25.00	\$ 91,235.28
	9/10/2003			\$ 25.00	\$ 91,260.28
	9/11/2003			\$ 25.01	\$ 91,285.28
	9/12/2003			\$ 25.02	\$ 91,310.29
	9/13/2003			\$ 25.02	\$ 91,335.31
	9/14/2003			\$ 25.03	\$ 91,360.33
	9/15/2003			\$ 25.04	\$ 91,385.36
	9/16/2003			\$ 25.04	\$ 91,410.40
	9/17/2003			\$ 25.05	\$ 91,435.44
	9/18/2003			\$ 25.06	\$ 91,460.49
	9/19/2003			\$ 25.06	\$ 91,485.55
	9/20/2003			\$ 25.07	\$ 91,510.62
	9/21/2003			\$ 25.08	\$ 91,535.69
	9/22/2003			\$ 25.09	\$ 91,560.77
	9/23/2003			\$ 25.09	\$ 91,585.85
	9/24/2003			\$ 25.10	\$ 91,610.94
	9/25/2003			\$ 25.11	\$ 91,636.04
	9/26/2003			\$ 25.11	\$ 91,661.15
	9/27/2003			\$ 25.12	\$ 91,686.26
	9/28/2003			\$ 25.13	\$ 91,711.38
	9/29/2003			\$ 25.13	\$ 91,736.51
	9/30/2003			\$ 25.14	\$ 91,761.64
					\$ 91,786.78

Sub-Total

\$ -

\$ 751.22

Total Late Fees

\$ 751.22

**Alligance Telecom
As of October 31, 2003**

Monthly Rent	Due Date	Less Payments	Late Fee 3%	Interest 10.00%	Balance Due
Balance as of September 30 2003					
	10/1/2003			\$ 25 15	\$ 91,786 78
	10/2/2003			\$ 25 15	\$ 91,811 93
	10/3/2003			\$ 25 16	\$ 91,837 08
	10/4/2003			\$ 25 17	\$ 91,862 24
	10/5/2003			\$ 25 17	\$ 91,887 41
	10/6/2003			\$ 25 18	\$ 91,912 58
	10/7/2003			\$ 25 18	\$ 91,937 77
	10/8/2003			\$ 25 19	\$ 91,962 95
	10/9/2003			\$ 25 20	\$ 91,988 15
	10/10/2003			\$ 25 20	\$ 92,013 35
	10/11/2003			\$ 25 21	\$ 92,038 56
	10/12/2003			\$ 25 22	\$ 92,063 78
	10/13/2003			\$ 25 22	\$ 92,089 00
	10/14/2003			\$ 25 23	\$ 92,114 23
	10/15/2003			\$ 25 24	\$ 92,139 47
	10/16/2003			\$ 25 24	\$ 92,164 71
	10/17/2003			\$ 25 25	\$ 92,189 96
	10/18/2003			\$ 25 26	\$ 92,215 22
	10/19/2003			\$ 25 26	\$ 92,240 48
	10/20/2003			\$ 25 27	\$ 92,265 75
	10/21/2003			\$ 25 28	\$ 92,291 03
	10/22/2003			\$ 25 29	\$ 92,316 32
	10/23/2003			\$ 25 30	\$ 92,341 61
	10/24/2003			\$ 25 31	\$ 92,366 91
	10/25/2003			\$ 25 31	\$ 92,392 21
	10/26/2003			\$ 25 32	\$ 92,417 53
	10/27/2003			\$ 25 33	\$ 92,442 85
	10/28/2003			\$ 25 33	\$ 92,468 17
	10/29/2003			\$ 25 34	\$ 92,493 51
	10/30/2003			\$ 25 35	\$ 92,518 85
	10/31/2003			\$ 25 35	\$ 92,544 20
					\$ 92,569 55

Sub-Total

\$ -

\$ 782 77

Total Late Fees

\$ 782 77

**Alliance Telecom
As of November 19, 2003**

Monthly Rent	Due Date	Less Payments	Late Fee 3%	Interest 10.00%	Balance Due
Balance as of October 31, 2003					
	11/1/2003			\$ 25.36	\$ 92,569.55
	11/2/2003			\$ 25.37	\$ 92,594.91
	11/3/2003			\$ 25.38	\$ 92,620.28
	11/4/2003			\$ 25.38	\$ 92,645.66
	11/5/2003			\$ 25.39	\$ 92,671.04
	11/6/2003			\$ 25.40	\$ 92,696.43
	11/7/2003			\$ 25.40	\$ 92,721.82
	11/8/2003			\$ 25.41	\$ 92,747.23
	11/9/2003			\$ 25.42	\$ 92,772.64
	11/10/2003			\$ 25.42	\$ 92,798.05
	11/11/2003			\$ 25.43	\$ 92,823.48
	11/12/2003			\$ 25.44	\$ 92,848.91
	11/13/2003			\$ 25.45	\$ 92,874.35
	11/14/2003			\$ 25.45	\$ 92,899.79
	11/15/2003			\$ 25.46	\$ 92,925.25
	11/16/2003			\$ 25.47	\$ 92,950.70
	11/17/2003			\$ 25.47	\$ 92,976.17
	11/18/2003			\$ 25.48	\$ 93,001.64
	11/19/2003			\$ 25.49	\$ 93,027.12

Sub-Total

\$ -

\$ 483.06

Total Late Fees

\$ 483.06