

GUARANTY OF LEASE

This GUARANTY OF LEASE ("Guaranty") is executed effective as of November 1, 2000, pursuant to the terms of that certain Consent ("Consent"), executed concurrently herewith by KM Complex, L.P., a California limited partnership (successor-in-interest to RREEF West-V, Inc., a Delaware corporation ("Lessor"), which Consent relates to that certain Standard Industrial/Commercial Multi-Tenant Lease-Gross dated October 4, 1995 between RREEF West-V, Inc. and CTS Network Services, a division of Datel Systems, Inc., a California corporation as Lessee, that certain First Amendment to Lease dated January 10, 1996, that certain Second Amendment to Lease dated August 1, 1996, that certain Third Amendment to Lease dated September 18, 1996, and Lessor and Lessee entered into that certain Fourth Amendment to Lease dated April 9, 1998; that certain Fifth Amendment to Lease dated July 13, 1998; that certain Sixth Amendment to Lease dated February 9, 1999, that certain Seventh Amendment to Lease dated May 21, 1999, that certain Eighth Amendment to the Lease dated September 13, 1999, that certain Ninth Amendment to Lease dated February 10, 2000, and that certain Tenth Amendment to Lease dated May 16, 2000 (collectively, the "Original Lease") pursuant to which Lessor is leasing to Lessee, and Lessee is leasing from Lessor, premises located in the County of San Diego, State of California, commonly known as 8913 Complex Drive, Suites B, C, D, E, F, G and I and 8909 Complex Drive, Suites A, B and C, San Diego, California 92123 (the "Premises"), and further described as 16,988 square feet. The interest of the lessee under the Lease is being assigned to CTSnet, Inc., a Delaware corporation ("Lessee") pursuant to that certain Consent of Assignment and Assumption of Lease dated October 25, 2000 executed by Lessor. The Original Lease together with the Consent are collectively referred to herein as the "Lease." The undersigned ("Guarantor") is an entity affiliated with Lessee and is directly benefitted by the execution of the Consent. In consideration of such benefits, and as the material inducement to Lessor to enter into the Consent, Guarantor agreed to enter into this Guaranty. Guarantor acknowledges and understands that Lessor would not have agreed to enter into the Consent but for this Guaranty.

1. Guaranty. As an essential inducement to Lessor's entering into the Consent, Guarantor hereby unconditionally and irrevocably guarantees to Lessor the timely payment and performance by Lessee of all rent, charges, and the payment and performance of all other obligations under and arising out of the Lease, and all other documents evidencing or securing the obligations under such Lease to be paid or performed including any and all extensions, renewals, and modifications thereof, whether now in existence or hereafter created (collectively, the "Guaranteed Obligations"). Guarantor acknowledges, covenants and agrees that this Guaranty shall survive the termination of the Lease and shall continue in full force and effect with respect to any of Lessee's obligations under the Lease which are not performed upon and which survive the termination of the Lease. This is a continuing Guaranty relating to the Guaranteed Obligations, including, without limitation, obligations and liabilities arising under modifications or amendments to the Lease that either increase, decrease or continue the Guaranteed Obligations, or, from time to time, renew Guaranteed

Obligations that have been satisfied, independent of and in addition to any other guaranty, endorsement, or collateral now or hereafter held by Lessor, whether or not furnished by the Guarantor. This Guaranty shall apply and be irrevocable with respect to any indebtedness created or incurred even after actual receipt by Lessor of any written notice of revocation by Guarantor, which indebtedness arises out of any extension, renewal, replacement or modification of the Lease prior to the actual receipt of such written notice regardless of whether such extension, renewal, replacement or modification occurs prior to revocation, and Guarantor waives any right to revoke this Guaranty and the benefits of California Civil Code 2815.

2. Rights of Lessor. Guarantor consents that the Lessor may and hereby authorizes Lessor at any time in its reasonable discretion to, without notice or demand and without affecting the indebtedness and liabilities of Guarantor hereunder, (i) alter any of the terms of the Guaranteed Obligations with the written consent of Lessee, (ii) take and hold any security for the Guaranteed Obligations, (iii) accept additional or substituted security, (iv) consent to the change, restructure or termination of the individual, partnership or corporate structure or existence of Lessee, Guarantor or any affiliate thereof and correspondingly restructure the Guaranteed Obligations; (v) accept partial payment of the Guaranteed Obligations; (vi) apply any collateral held by Lessor and direct the order and matter of sale thereof as Lessor in its sole discretion may determine; (vii) release the Lessee or any other party for all or part of the Guaranteed Obligations; (viii) subordinate, compromise or release any security, (ix) release Lessee of its liability for all or any part of the Guaranteed Obligations, (x) participate in any settlement offered by Lessee or any guarantor, whether in liquidation, reorganization, receivership, bankruptcy or otherwise, (xi) release, substitute or add any one or more guarantors or endorsers, and (xii) assign this Guaranty, or any of the Guaranteed Obligations, in whole or in part. Lessor may take any of the foregoing actions upon any terms and conditions as Lessor may elect, without giving notice to Guarantor or obtaining the consent of Guarantor and without affecting the liability of Guarantor to Lessor.

3. Independent Obligations. This Guaranty is a guaranty of payment and not of collection. Guarantor's obligations under this Guaranty are independent of those of Lessee or of any other guarantor and are not conditioned or contingent upon the genuineness, validity or enforceability of the Lease or any of the other Guaranteed Obligations. Lessor may bring a separate action against Guarantor without first proceeding against Lessee or any other guarantor or any security held by Lessor and without pursuing any other remedy. Guarantor expressly agrees that the liability of Guarantor hereunder shall not be impaired, released, terminated or discharged, in whole or in part, by any of the foregoing notwithstanding that the same are made with or without notice to Guarantor, (i) any extensions of time for performance, whether in whole or in part, of the covenants under the Lease on the part of Lessee to be performed given prior to or after any default thereunder, (ii) any other guaranty now or hereafter executed by Guarantor or anyone else, (iii) any assignment, subletting or any transfer of the Lease by Lessee, or (iv) the failure to give Guarantor any notices whatsoever. In addition, in the event any agreement or stipulation between Lessor and Lessee shall extend the time of performance or modify any of the covenants of the Lease to be performed by

Lessee, Guarantor shall continue to be liable under its Guaranty notwithstanding such agreement or stipulation.

4. Waiver of Defenses. Guarantor waives and agrees not to assert or take advantage of:

4.1 any right to require Lessor to proceed against Lessee or any other person or any security now or hereafter held by Lessor or to pursue any other remedy whatsoever, including, without limitation, any such right, defense, or any other right set forth in or arising out of Sections 2809, 2810, 2819, 2820, 2822, 2825, 2845, 2850 or 2855 of the California Civil Code and Sections 3603, 9207 or 9504 of the California Commercial Code;

4.2 notice of acceptance of this Guaranty;

4.3 any defense based upon any legal disability of Lessee or any guarantor, or any discharge or limitation of the liability of Lessee or any guarantor to Lessor, or any restraint or stay applicable to actions against Lessee or any other guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause, including, without limitation, any defense to the payment of rent under the Lease, attorneys' fees and costs and other charges that would otherwise accrue or become payable in respect of the Guaranteed Obligations after the commencement of any such proceeding, it being the intent of the parties that the Guaranteed Obligations shall be determined without regard to any rule of law or order that may relieve Lessee of any portion of such obligations;

4.4 setoffs, counterclaims, presentment, demand, protest or notice of any kind and any defense to performance under this Guaranty with the exception of the defenses of (i) prior payment or performance by Lessee or (ii) that there is no obligation on the part of Lessee with respect to the matter claimed to be in default;

4.5 right to trial by jury and any action or proceeding of any kind arising under or relating to this Guaranty with any interpretation, breach or enforcement hereof;

4.6 any defense based upon the modification, renewal, extension or other alteration of the Guaranteed Obligations, or of the documents executed in connection therewith;

4.7 any defense based upon the negligence of Lessor, including, without limitation, the failure to record an interest under a lease, sublease, or deed of trust, the failure to perfect any security interest, or the failure to file a claim in any bankruptcy of the Lessee or any guarantor;

4.8 all rights of subrogation, reimbursement, indemnity, all rights to enforce any remedy that Lessor may have against Lessee, and all rights to participate in any security held by Lessor for

the Guaranteed Obligations, including, without limitation, any such right or any other right set forth in Sections 2848 or 2849 of the California Civil Code, until the Guaranteed Obligations have been performed in full, and any defense based upon the impairment of any subrogation, reimbursement or indemnity rights that Guarantor might have;

4.9 any defense based upon the death, incapacity, lack of authority or termination of existence or revocation hereof by any person or entity or persons or entities, or the substitution of any party hereto;

4.10 any right to designate the obligation of any sums or property received by Lessor;

4.11 any right or defense that is or may become available to Guarantor by reason of California Civil Code Section 2787 and Sections 2855, 2899 and 3433; and

4.12 any defense based upon or related to Guarantor's lack of knowledge as to Lessee's financial condition.

5. Lessee's Financial Condition. Guarantor is relying upon his own knowledge and is fully informed with respect to Lessee's financial condition. Guarantor assumes full responsibility for keeping fully informed of the financial condition of Lessee and all other circumstances affecting Lessee's ability to perform its obligations to Lessor, and agrees that Lessor will have no duty to report to Guarantor any information which Lessor receives about Lessee's financial condition or any circumstances bearing on Lessee's ability to perform all or any portion of the Guaranteed Obligations, regardless of whether Lessor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or have a reasonable opportunity to communicate such facts to Guarantor.

6. Exercise of Subrogation Rights; Subordination. Guarantor agrees that (i) Guarantor shall have no right of subrogation, reimbursement or indemnity against Lessee or against any collateral provided to Lessor for the Lease unless and until all Guaranteed Obligations have been paid in full; (ii) Guarantor shall have no right of contribution against any other Guarantor unless and until all of the Guaranteed Obligations have been paid in full; and (iii) until the Guarantor is permitted by the terms of this paragraph to exercise any such right of subrogation, reimbursement, indemnity or contribution, Guarantor hereby waives any rights to enforce any remedy that Guarantor might have against Lessee or any other Guarantor, or to participate in any security held by Lessor for the Guaranteed Obligations, by reason of any one or more payments by Guarantor under this Guaranty, including, without limitation, any such right or any other right as set forth in Sections 2845, 2848 or 2849 of the California Civil Code. Whether or not any or the foregoing waivers of rights in respect of subrogation, reimbursement, indemnity or contribution are held to be unenforceable; (a) all existing and future obligations of Lessee to the Guarantor (including, without limitation, any

indebtedness arising by reason of any payment by Guarantor hereunder) are hereby subordinated to the Guaranteed Obligations, and, (b) without the prior written consent of Lessor, such indebtedness shall not be paid, in whole or in part, nor will the Guarantor accept any payment of or on account of such indebtedness.

7. Impairment of Subrogation Rights. Upon a default of Lessee, Lessor may elect to foreclose nonjudicially or judicially against any real or personal property security it holds for the Guaranteed Obligations, if any, or any part thereof, or exercise any other remedy against Lessee or any security. No such action by Lessor will release or limit the liability of Guarantor, even if the effect of that action is to deprive Guarantor, or any other guarantor, of the right or ability to collect reimbursement from or assert subrogation, indemnity or contribution rights against Lessee or any other guarantor for any sums paid to Lessor, or to obtain reimbursement by means of any security held by Lessor for the Guaranteed Obligations. Until all obligations under this Guaranty are paid in full, Guarantor hereby waives any and all rights of subrogation (if any) which it may have against Lessee as a result of actions taken or amounts paid in connection with or relating to this Guaranty or the Lease.

8. Default. The occurrence of any one of the following events shall, at the election of Lessor, be deemed an event of default by Guarantor under this Guaranty: (i) Guarantor shall fail or neglect to perform, keep or observe any term, provision, condition or covenant, contained in this Guaranty; or (ii) if any representation or warranty made in this Guaranty shall be false in any material respect. Upon the occurrence of an event of default under this Guaranty and if any Guaranteed Obligations are then due, Guarantor's obligations hereunder that are then due or become due, shall be, at the option of Lessor, accelerated and shall all be due and payable and enforceable against Guarantor, and Lessor may, in its sole discretion, in addition to any other right or remedy provided by law, all of which are cumulative and non-exclusive, proceed to suit against Guarantor, whether suit has been commenced against Lessee.

9. Costs and Expenses. Guarantor agrees to pay, upon demand, Lessor's reasonable out-of-pocket costs and expenses, including, but not limited to, reasonable legal fees and disbursements and expert witness fees and disbursements, incurred in the administration of this Guaranty and any effort to collect or enforce any of the Guaranteed Obligations or this Guaranty, whether or not any lawsuit is filed, and in the representation of Lessor in any insolvency, bankruptcy, reorganization or similar proceeding relating to Lessee or Guarantor. Until paid to Lessor, such sums will bear interest from the date such costs and expenses are incurred at the rate set forth in the Lease for past due obligations. The obligations of Guarantor under this Section 9 shall include payment of Lessor's reasonable costs and expenses of enforcing any judgment, which obligations shall be severable from the remaining provisions of this Guaranty and shall survive the entry of judgment.

10. Reinstatement. The liability of Guarantor hereunder shall be reinstated and revived, and the rights of Lessor shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which Lessor shall thereafter be required to restore or return in connection

with the bankruptcy, insolvency or reorganization of Lessee, or Guarantor, or otherwise, all as though such amount had not been paid. The determination as to whether any such payment must be restored or returned shall be made by Lessor in its reasonable discretion. Lessor shall be under no obligation to return or deliver this Guaranty to Guarantor, notwithstanding the payment of the Guaranteed Obligations. If this Guaranty is nevertheless returned to Guarantor or is otherwise released, then the provisions of this Section 10 shall survive such return or release, and the liability of Guarantor under this Guaranty shall be reinstated and continued under the circumstances provided in this Section 10 notwithstanding such return or release.

11. Representations and Warranties. Guarantor makes the following representations and warranties, which shall be deemed to be continuing representations and warranties until payment and performance in full of the Guaranteed Obligations:

11.1 Guarantor has all the requisite power and authority to execute, deliver and be legally bound by this Guaranty on the terms and conditions herein stated;

11.2 Neither the execution and delivery of this Guaranty nor the consummation of the transactions contemplated hereby will, with or without notice and/or lapse of time, constitute a breach of any of the terms and provisions of any note, contract, document, agreement or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject, accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness, conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality, or conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation;

11.3 No consent of any other person not heretofore obtained and no consent, approval or authorization of any person or entity is required in connection with the valid execution, delivery or performance by Guarantor of this Guaranty;

11.4 Guarantor is not insolvent, and will not be rendered insolvent by the incurring of its obligations hereunder.

12. Bankruptcy. The obligations of Guarantor under this Guaranty shall not be altered, limited, or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation, or arrangement of Lessee, or by any defense Lessee may have by reason of any order, decree, or decision of any court or administrative body resulting from any such proceeding.

13. Claims in Bankruptcy. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims that Guarantor may have against Lessee

relating to any indebtedness of Lessee to Guarantor, and will, upon written notice from Lessor, assign to Lessor all rights of Guarantor thereunder to the extent of Lessor's unpaid claims against Lessee under the Lease and under this Guaranty. If Guarantor does not file any such claim, then to the extent allowed by law, Lessor, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lessor's discretion, to assign the claim to a nominee, and to cause proof of claim to be filed in the name of Lessor's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lessor, or its nominee, shall have the sole right to accept or reject any plan proposed in such proceedings and to take any other action that a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy, or otherwise, the person or persons authorized to pay such claim shall pay to Lessor the amount payable on such claim. Guarantor hereby assigns to Lessor all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Lessor receives cash by reason of any such payment or distribution. If Lessor receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

14. Multiple Obligors; Certain Defined Terms. If "Guarantor" refers to more than one person or entity then (i) the obligations of each such person or entity shall be joint and several; (ii) all references to the "Guarantor" herein shall, unless the context otherwise requires, refer to all such parties jointly and severally; and (iii) each such person or entity hereby waives any and all defenses based upon suretyship or guaranty or impairment of collateral. The term "Lessor" will mean the Lessor named herein and any future owner or holder of the Lease, or any interest therein. The term "Lessee" shall mean both named Lessee and any other person or entity at any time assuming or otherwise becoming primarily liable for all or any part of the Guaranteed Obligations.

15. Additional Guarantors. Lessor shall have the right to require Lessee to obtain additional guarantors to Lessee's obligations under the Lease, pursuant to separate written agreements between Lessor and Lessee. In the event such additional guarantors are obtained, the obligations of Guarantor and the additional guarantors shall be joint and several, and Guarantor shall not be released from any of the Guaranteed Obligations. Guarantor is not a third party beneficiary of any agreement between Lessor and Lessee regarding additional guarantors.

16. Inducement. Guarantor acknowledges that the undertaking given hereunder is given in consideration of Lessor's entering into the Consent and that Lessor would not consummate the Consent but for the execution and delivery of this Guaranty.

17. Notice. All notices and other communications provided for hereunder shall be in writing (including telecopied communication) and mailed or telecopied or delivered to the parties at Lessor's address designated in the Lease or at Guarantor's address as set forth on the signature page hereto, or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 17. All such notices and

communications, if mailed, shall be effective two (2) business days after deposit in the United States mail, first-class (or certified) postage prepaid; if telecopied, shall be effective when transmitted and confirmed; and if delivered in another way, shall be effective upon receipt.

18. Miscellaneous. No provision of this Guaranty or Lessor's rights hereunder can be waived or modified nor can Guarantor be released from its obligations hereunder except upon payment in full of the Guaranteed Obligations or by a writing executed by Lessor. No such waiver shall be applicable except in the specific instance for which given. No delay or failure by Lessor to exercise any right or remedy against Lessee or Guarantor will be construed as a waiver of that right or remedy. All remedies of Lessor against Lessee and Guarantor are cumulative. The invalidity or unenforceability of any one or more provisions of this Guaranty will not affect the validity or enforceability of any other provision. This Guaranty shall be governed by and construed under the laws of the State of California. Guarantor hereby irrevocably consents to the jurisdiction of the courts of the state of California and of any federal court located in such state in connection with any action or proceeding arising out of or relating to this Guaranty. The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, successors and assigns of Guarantor and Lessor. This Guaranty constitutes the entire agreement between Guarantor and Lessor with respect to its subject matter, and supersedes all prior or contemporaneous agreements, representations and understandings. All headings in this Guaranty are for convenience only and shall be disregarded in construing the substantive provisions of this Guaranty. Facsimile signatures shall be treated and have the same effect as original signatures.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

NOV-15-00 21:56 From:

IN WITNESS WHEREOF, Guarantor has executed this Guaranty where provided below effective as of the date first above written.

GUARANTOR:

ALLEGIANCE TELECOM, INC.
a Delaware corporation

Address of Guarantor:

Allegiance Telecom, Inc.
4 Westbrook Corporate Center
Suite 400
Westchester, IL 60154
Attn: Mr. Ken Close
Vice President, Real Estate and
Facilities

By: Kenneth C. Close

Name: Kenneth C. Close
Vice President
Real Estate & Facilities

Its: _____

By: Mark B. Tresnowski

Name: Mark B. Tresnowski
Senior Vice President, General
Counsel and Secretary

Its: _____

KC
11-16-00