SECTION 2.0 - REGULATIONS (Cont'd)

2.8 Cancellation of Service/Termination Liability

If a Customer cancels a Service Order or terminates service before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.6.1 above), the Customer agrees to pay to the Company termination liability charges, as defined below. These charges shall become due as of the effective date of the cancellation or termination and be payable within the period, set forth in Section 2.5.2.

2.8.1 Termination Liability

The Customer's termination liability for cancellation of service shall be equal to:

A. All unpaid Non-Recurring charges reasonably expended by the Company to establish service to the Customer; plus

B. Any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer; plus

C. All Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;

D. Minus a reasonable allowance for costs avoided by the Company as a direct result of the Customer's cancellation.