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Able Telcom declared in default of New Jersey E-ZPass project contract.

Investors may be buying Able Telcom Holding Corp. (Symbol: ABTE) (Price: $7.75) shares believing that its recently acquired MFS Network Technologies, Inc. subsidiary ("MFSNT") is in compliance with a contract to build an E-ZPass system for a Consortium led by the New Jersey Turnpike Authority ("NJTA"). In fact, the NJTA declared MFSNT in default of this contract on December 29, 1998.

The formal default notification to MFSNT states that MFSNT's efforts to produce an operating Violations Processing Center (VPC) have been inadequate and unacceptable. The VPC was to be fully operational by November 11, 1998. The NJTA extended that date to December 23, 1998 at the request of MFSNT. After testing the system, NJTA determined that MFSNT has continually failed to meet its obligations. NJTA has assessed a daily fine on Able Telcom until VPC is operational, and has demanded delivery of an operational VPC by January 15, 1999.

According to the New Jersey Department of Transportation, the E-ZPass project will eventually be paid for with revenues from violations enforcement fees. Able Telcom's inability to produce a functional VPC makes this E-ZPass system financially unfeasible. The New Jersey toll road agencies were not required to make any down payment for the system. This risky, untested financing plan was agreed to in March 1998, when MFSNT was owned by WorldCom, Inc. (Symbol: WCOM).

In July 1998, WorldCom sold MSFNT to Able Telcom. WorldCom was forced to finance the Able Telcom purchase. Immediately after the sale of MFSNT to Able, most of MFSNT's key senior management resigned. Able Telcom tried and failed to joint manage the project. There is no reasonable or factual basis to believe that MSFNT can meet its E-ZPass obligations or that it can finance or profitably finish the contract. In fact, in the six-month period ended July 2, 1998 MFSNT suffered losses of $21.5 million. Able Telcom can not sustain or finance these losses. The New Jersey Consortium, who had contracted with well-financed WorldCom, now depends on a Florida based, former penny-stock company that is unable to meet its obligations to build the State's largest public work.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.