Able attempts to blame stock drop on preferred.

Able Telcom Holding Corp. (NASDAQ Symbol: ABTE) (Price: $11.625) shares rose three-fold from $7 in mid-April to $21 in late-June based on analysts' upward revision of earnings estimates after its MFS Network Technologies, Inc. ("NT") acquisition announcement. However, ABTE's shares have fallen sharply and consistently since reaching $21, and the drop accelerated after it announced the completion of the NT acquisition on July 6th. Management claims that the drop has been caused by the terms of a preferred it sold to finance the acquisition. The terms of the preferred may be part of reason for the stock’s decline. However, if ABTE’s stock had legitimate economic value, the market for the shares would not be severely impacted by the threat of selling pressure. Furthermore, there are far more important and material elements impacting ABTE’s stock price. These are ABTE and NT’s operating losses, large cash requirements and ABTE’s inability to obtain any acquisition financing except for the sale of the preferred.

ABTE and NT do not have sufficient assets, earnings or cash flow to adequately service and collateralize ABTE’s well over $100 million debt and preferred obligations. On a pro-forma basis ABTE experienced a net lost of at least $2.8 million in the last twelve months. The Company reduced this loss by reversing a reserve established for future COMSAT losses. ABTE has no ability to provide lenders with collateral. ABTE has already granted a first priority security interest on all its tangible assets for an existing $35 million credit facility with its commercial bank. In addition, ABTE has $10 million of subordinated debt outstanding. Both of these obligations contain limitations on total debt. Including the NT acquisition short-term debt, ABTE has approximately $111.6 million of debt. Management has stated that its total funding requirements exceed those necessary to pay for the NT acquisition.

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.