

Regulatory Source Associates, LLC

Anna-Maria Kovacs, Ph.D., CFA
617-661-4666
akovacs@regulatorysource.com

Please see our required disclosures below.

January 26, 2009

TELECOM REGULATORY NOTE

Update: Broadband Provisions of the Senate Stimulus Package

- **The broadband provisions that the Senate Appropriations Committee will consider in its mark-up of the stimulus bill this week are somewhat different from those of that are in the House version of the bill. The Senate would provide \$9 billion dollars in grants to NTIA. The House provides a total of \$6 billion for grants via NTIA and loans and grants via RUS. Whatever is voted in the House and Senate will, of course, be reconciled in conference.**
- **Whether funding is split between NTIA and RUS or goes through NTIA only is likely to determine the mix between funding for rural areas that are unserved vs. suburban and urban areas that are underserved. As we have indicated in prior notes, RUS would provide funding primarily to unserved rural areas, while NTIA's mandate is likely to also include providing funding to suburban and urban pockets that either lack service or have it at low speeds or at low penetration rates.**
- **We expect the open access condition to remain a part of the final bill and to be defined at the FCC.**

Regulatory Source Associates LLC is a Massachusetts registered investment adviser engaged in providing research services with a focus on the telecommunications industry. It does not manage accounts or give advice on individual investment portfolios. It is not affiliated with any investment banking firm. The Company and its principals do not own the securities of companies which are the subject of the Notes. The Company provides no valuation, rating or recommendation with respect to individual stocks. This Note is marketed to institutional investors only (as defined in NASD rule 2211) and is not intended to be distributed to or used by retail investors.

This Note was prepared by Anna-Maria Kovacs, who attests that (i) all of the views expressed in this note accurately reflect her personal views about any and all securities or issuers mentioned herein and (ii) that her compensation is based solely on the provision of this Note and consulting related thereto and that no part of her compensation was, is or will be directly or indirectly related to any specific recommendation or view expressed herein.

All rights to this Note are the property of Regulatory Source Associates LLC. Regulatory Source grants to the recipient a limited non-exclusive, non-transferable license to this Note for internal use by its employees. Recipient has no right to reproduce or distribute any original or copy of this Note.

©2009 Regulatory Source Associates LLC