ANNUAL PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570050	831414755

4. Recipient Organization

Zito Media Communications II, LLC 106 Steerbrook Road, Coudersport, PA 16915-8440

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Annual Report of the Award Period?
12-31-2010	◯ Yes　◉ No

7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official	7c. Telephone (area code, number and extension)
Colin Higgin	8142609588
	7d. Email Address
Vice President	colin.higgin@zitomedia.com

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	02-10-2011

OVERALL PROJECT PERFORMANCE INDICATORS

1. Please provide the following average cost figures for your project. Please review the instructions to determine how to calculate these figures. Write "0" in the second column and "N/A" in the third column if your project does not yet have this information. Depending on whether your project contains Middle Mile and/or Last Mile components, some metrics may not apply. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Cost Indicator	Average Cost / Speed	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Average cost per new mile (Middle Mile)	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. No construction has occurred yet.
Average cost per household passed (Last Mile)	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.No construction has occurred yet.
Average cost per subscriber (Last Mile)	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. No construction has occurred yet.
Maximum broadband speed advertised (Middle Mile)	10Gbps	No variance from baseline.
Maximum broadband speed advertised (Last Mile)	8Mbps	No variance from baseline.
Average broadband speed provided (Middle Mile)	10Mbps	No variance from baseline.
Average broadband speed provided (Last Mile)	8Mbps	No variance from baseline.

2. Please provide each facility name and type, the county where the facility is located, and census tract information for any facilities funded by your project during this annual reporting period. Report only facilities for which construction has been completed.

Facility Identifier / Name	Facility Type	County	Census Tracts
None	None	None	None

Add Facility	Remove Facility

3. Please identify (1) the total number of interconnection, peering, and/or transit agreements entered into during this annual reporting period; (2) the total number of agreements of each type that you are currently negotiating; and (3) whether you have denied any request for interconnection and if so, why. If you have not entered into any agreements, please write "N/A."

Interconnection Agreements (600 words or less)

N/A

Peering and Transit Agreements (600 words or less)

N/A

CAPACITY, UTILIZATION, AND CAPABILITY INDICATORS

4. Community Anchor Institutions: In the chart below, please provide information on the types of community anchor institutions capable of receiving service (i.e., anchor institutions connected to your network plus those passed by your network) as a result of BTOP funds.

Type of Community Anchor Institution	Total Number Within Service Area	Type of Community Anchor Institution	Total Number Within Service Area
Schools (K-12)	0	**Public Housing**	0
Libraries	0	**Other Institutions of Higher Education**	0
Medical and Healthcare Providers	0	**Other Community Support Organizations**	0
Public Safety Entities	0	**Other Government Facilities**	0
Community Colleges	0	**Total Community Anchor Institutions**	

5. Please indicate the average increase in broadband speed provided to the community anchor institution customers as a result of your project, including a description of how this increase was calculated (600 words or less).

A majority of the project area currently receives internet services with a maximum speed of .5-1Mbps. Zito's network will offer speeds from 6Mbps to 10,000Mbps depending on the service. The average increase based off a survey of service offerings in the project area would be 10Mbps to 1,000Mbps.

6. What retail services are being provided by this project? Please describe below. (600 words or less). As an attachment to this report, please provide pricing plans (in $ per month) associated with each retail service. Retail services description:

Zito's project is unique in that it offers both middle and last mile service offerings. Last mile service offerings include internet and voice services with internet speeds 6-8Mbps. Commercial service offerings include local point to point ethernet circuits with speeds between 1,000Mbps-10,000Mbps, internet service ad SIP trunks. The full list of services and pricing is attached to the report.

7a. What network management policies (e.g., bandwidth limitations, traffic prioritization) are in place for the services provided by your project? 7b. Have you ever limited or blocked consumers from accessing any lawful content, service, service provider, or application, or prevented any consumers from attaching any legal device to the network? If so, please explain why (300 words or less)?
7a) Zito will not apply restrictions to residential or commercial internet traffic. Zito will employ business practices or technical mechanisms for reasonable network management including application-neutral allocation of capacity, caching, differentiation among applications, providers and sources in order to limit usage and to manage illegal or harmful content and compliance with the needs of law enforcement. For residential and commercial traffic, at times, traffic will be restricted on certain ports to address issues with spam, worms, denial of service attacks and viruses to maintain reasonable customer service levels. Zito will offer managed services, such as telemedicine, public safety communications, and distance learning, which use private network connections for enhanced quality of service and adherence to HIPAA standards and other legal requirements. Reasonable congestion management tactics will be used based upon whether the traffic is time sensitive or non-time sensitive. Examples of time sensitive applications are voice (VoIP), Web Surfing, IM, tunneling & remote connectivity, streaming, and on-line games. Examples of non-time sensitive applications are file access, network storage, and software updates. Zito shall not use congestion management tactics to impair or degrade applications or services.
7b) Zito has not ever limited or blocked consumers from accessing any lawful content, service, service provider or application, or prevented any consumers from attaching any legal device to the network.

8. If applicable, please provide the total number and the percentage of subscribers who have dropped the broadband service provided through this project (total number of households and/or businesses and the "churn rate") and the subscribers' reasons for discontinuing their service (600 words or less).
None.

9. Please provide the following information regarding the number of fiber strand-miles:

Total Number of Strand-miles	Total Number of Active Fiber Strand-miles Used by Recipient	Total Number of Leased Fiber Strand-miles	Total Number of Dark Fiber Strand-miles	Total Number of Strand-miles Being Built		
				Active	**Leased**	**Dark**
12,300	0	0	0	0	0	0

10. If you wholesale dark fiber, please list your wholesale customers and the number of fiber miles you currently are leasing to those customers:
None.

11. Please provide the following information regarding the facility collocation capacity:

Total Facility (total square feet for all facilities)	Number of Square Feet Used by Recipient	Number of Square Feet Leased	Number of Square Feet Available
0	0	0	0

12. If you do not own collocation space, please describe how and where other network providers and/or customers interconnect with your network (600 words or less).

Network construction has not started yet. Customers can interconnect to our network through fiber that will be built to their location. Network providers can interconnect with our network at the following hub sites: Denmark,OH; Rock Creek, OH; Thompson, OH; Roaming Shores, OH; West Farmington, OH; Warren, OH; Cortland, OH; Geneva, OH; Ashtabula, OH; Edgewood, OH; North Kingsville, OH; Conneaut, OH; Girard, PA; Fairview, PA; Erie, PA; Saegertown, PA; Meadville, PA.

13. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities (150 words or less).

Zito has hired one SDB to work on the project. Stell Environmental Enterprises, Inc. was chosen as our environmental engineering firm to aide us in drafting and submitting the environmental assessment.

14. Please describe any best practices/lessons learned that can be shared with other similar BTOP projects (900 words or less).

Have scheduled meetings to discuss the grant project and its progression . In addition, be preemptive in any possible problems that could arise in the future by noting possible areas of concern.