



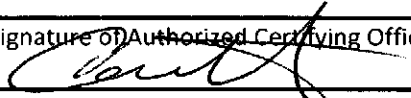
FIRST PERFORMANCE PROGRESS REPORT First Quarter 2010

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| 1. Recipient Organization (<i>Name and complete address including zip code</i>) Zito Media Communications II, LLC, 106 Steerbrook Road, Coudersport, PA 16915 | 2. Award Identification Number NT10BIX5570050 |
| 3. Performance Narrative (Q1) <i>Please describe your project activities and progress for the first quarter of 2010. This should include a description of federal expenditures to date, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any delays or challenges. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i> The project is in planning stage since we received notice of the grant on March 23, 2010; we had an organizational meeting on March 26, 2010 to plan for the next quarter's activities as described below in Performance Projections (Q2) and began preparing the ARRA report in the first week of April. \$0 of federal funds were received or expended in the first quarter 2010. | |
| 4. Performance Projections (Q2) <i>Please describe your anticipated project activities and progress for the next quarter. This should include a description of federal expenditures, key milestones, the primary activities needed to accomplish those milestones, significant project accomplishments, and any potential delays or challenges you foresee. Please use the milestone categories provided in your baseline report (e.g., environmental assessment, design, rights of way) to structure your answer. (500 words or less)</i> Activity during the second calendar quarter of 2010 will center mainly around final route selection, selection of exact pole lines to be utilized, and the mapping and engineering associated with these routes. In addition, Zito has an opportunity to purchase dark fiber along a portion of the route, and the company expects to finalize negotiations with the provider of this fiber during the second quarter; Zito has submitted to Jean Rice a request for program approval for this purchase. In order to finalize the exact routing of the intercity portions of this project as well as the local rings, Zito has mapped all of the significant businesses and anchor institutions from available databases. Using this populated map as a tool, we have mapped preliminary routes. We are currently conferring with community organizations as well as potential customers in order to modify these routes so that we can maximize the business potential on these routes as well meet community needs as fully as possible. We expect this process to be completed in April. On the portions of the route which are already locked down, Zito has already begun the field survey in order to select the specific pole lines which will be utilized for the fiber construction. Zito expects this to be completed for the entire route in May. We are currently engaged in an outreach process in order to identify qualified contractors, including small disadvantaged businesses, to perform the strand walking and pole profile work. Once this process is complete, we will select contractor(s) to perform this work. The output of this work will then provide the basis for applying for pole permits as well as railroad crossings, highway permits, and other necessary permitting. Zito expects to begin the process of submitting pole applications and other permits during the month of June and to complete that process during the July quarter. Zito has requested environmental assessment bid proposals from environmental consultants, including those consultants that are small disadvantaged businesses. Once this process is complete we will hire an environmental consultant to assist us in completing a final environmental assessment prior to the September 30 deadline. Zito has developed a list of small disadvantaged businesses from various sources (CCR and SUB-Net websites) and will be contacting those businesses as we bid out work for the project. Zito anticipates federal expenditures of \$106,244 for the second quarter 2010. | |

OMB CONTROL NO. 0660-0035

EXPIRATION DATE: 10/31/2010

5. 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.

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| 5a. Typed or Printed Name and Title of Authorized Certifying Official Colin Higgin | 5c. Telephone (area code, number and extension) 814-260-9588 |
| 5b. Signature of Authorized Certifying Official  | 5d. Email Address <u>colin.higgin@zitomedia.com</u> 5e. Date Report Submitted (Month, Day, Year) April 30, 2010 |

According to the Paperwork Reduction Act, as amended, no person is required to respond to, nor shall any person be subject to penalty for failure to comply with, a collection of information subject to the requirements of the PRA, unless that collection of information displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 1 hour and 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Anthony G. Wilhelm, Director, Broadband Technology Opportunities Program, Office of Telecommunications and Information Applications, National Telecommunications and Information Administration, U.S. Department of Commerce (DOC), 1401 Constitution Avenue, N.W., HCHB, Room 4887, Washington, D.C. 20230.