

RECIPIENT NAME:
AWARD NUMBER:
DATE:

OMB CONTROL NUMBER: 0660-0037
EXPIRATION DATE: 12-31-2010

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

| General Information | | |
|--|---|----------------------------------|
| 1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration | 2. Award Identification Number NT10BIX5570034 | 3a. DUNS Number 141946322 |
| | | 3b. EIN 63-0832070 |
| 4. Recipient Organization (Name and complete address including country, congressional district, and zip code) DeltaCom, Inc., 7037 Old Madison Pike NW, Huntsville, Alabama, Madison County, Congressional District 05, 35806-2107 | | |
| 5. Current Reporting Period End Date (MM/DD/YYYY) 06/30/2010 | 6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Jerry Watts, Vice President - Government and Industry Affairs | 7c. Telephone (area code, number and extension) 256-382-3942 | |
| | 7d. Email Address Jerry.Watts@deltacom.com | |
| 7b. Signature of Certifying Official Jerry Watts | 7e. Date Report Submitted (MM/DD/YYYY): 07/28/2010 | |

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).
 DeltaCom, Inc. reviewed the CD-450 documentation and accepted the grant on 04/27/2010. DeltaCom is preparing the Environmental Assessment and will submit the first draft by the prescribed due date. The following key tasks are proceeding to satisfactorily complete the Environmental Assessment: DeltaCom retained an environmental consulting engineering firm, Hull & Associates, Inc. to prepare the Environmental Assessment. Outside Plant Engineering has been completed on the network route except for the network terminus point located near Blountville/Bristol, Tennessee. DeltaCom is in the process of locating a suitable piece of property to acquire in Blountville/Bristol, Tennessee that is near the identified fiber splice point.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (100 words or less).

| | Milestone | Percent Complete | Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer) |
|-----|--|------------------|--|
| 2a. | Overall Project | 0 | Primary focus of activity at the present time is completing tasks related to the submission of the Environmental Assessment. Detailed engineering, planning, and vendor qualification has commenced. |
| 2b. | Environmental Assessment | 0 | 50% complete as of June 30th, cost incurred to date is \$0. Payment to vendor will occur in July (50%) and August (50%). |
| 2c. | Network Design | 0 | Outside Plant Engineering of fiber routes underway in support of Environmental Assessment. Payment to vendor expected in July/August time frame. |
| 2d. | Rights of Way | 0 | N/A |
| 2e. | Construction Permits and Other Approvals | 0 | N/A |
| 2f. | Site Preparation | 0 | N/A |
| 2g. | Equipment Procurement | 0 | N/A |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 0 | N/A |
| 2i. | Equipment Deployment | 0 | N/A |
| 2j. | Network Testing | 0 | N/A |
| 2k. | Other (please specify): | 0 | N/A |

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (150 words or less).
 Not at this time

4. Please report the following information regarding network build progress. Write "N/A" in the second column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (100 words or less).

| Indicator | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--|-------|---|
| New network miles deployed | 0 | N/A |
| New network miles leased | 0 | N/A |
| Existing network miles upgraded | 0 | N/A |
| Existing network miles leased | 0 | N/A |
| Number of miles of new fiber (aerial or underground) | 0 | N/A |
| Number of new wireless links | 0 | N/A |
| Number of new towers | 0 | N/A |
| Number of interconnection points | 0 | N/A |

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your subrecipient, contractor or subcontractor is negotiating or entered into.

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5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

| Indicators | |
|--|---|
| Number of signed agreements with broadband wholesalers or last mile providers | 0 |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 0 |
| Average term of signed agreements | 0 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:
 Not applicable at this time

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product. Wholesale services description:
 Not applicable at this time

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (150 words or less).
 Not applicable at this time

6. Please provide the data according to the type of subscriber. Write "N/A" if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (100 words or less).

| Subscriber Type | Access Type | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--|---|-------|---|
| Broadband Wholesalers or Last Mile Providers | Providers with signed agreements receiving new access | 0 | N/A |
| | Providers with signed agreements receiving improved access | 0 | N/A |
| | Providers with signed agreements receiving access to dark fiber | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | N/A |
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 0 | N/A |
| | Subscribers receiving new access | 0 | N/A |
| | Subscribers receiving improved access | 0 | N/A |
| | Please identify the speed tiers that are available and the number or subscribers for each | 0 | N/A |
| Residential / Households | Entities passed | 0 | N/A |
| | Total subscribers served | 0 | N/A |
| | Subscribers receiving new access | 0 | N/A |
| | Subscribers receiving improved access | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | N/A |
| Businesses | Entities passed | 0 | N/A |
| | Total subscribers served | 0 | N/A |
| | Subscribers receiving new access | 0 | N/A |
| | Subscribers receiving improved access | 0 | N/A |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | N/A |

7. Please describe any special offerings you may provide (150 words or less).

DeltaCom is creating competitive middle mile pricing that enables the expansion of last mile provider networks. We are also utilizing last mile providers to enable direct DeltaCom services to public anchor institutions in select markets at a 20% discount below our list pricing for qualifying broadband services.

8a. Have your network management practices changed over the last quarter? No Yes

8b. If so, please describe the changes (150 words or less).

N/A

9. Community Anchor Institutions:

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (100 words or less).

| Institution Name | Service Area (town or county) | Type of Anchor Institution (as defined in your baseline) | Are you also the broadband service provider for this institution? (Yes / No) | Narrative description of how anchor institutions are using BTOP-funded infrastructure |
|------------------|-------------------------------|--|--|---|
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).

DeltaCom will complete the required environmental assessment, complete outside plant engineering of fiber routes, commence long lead equipment procurement, and finalize detailed project planning activities.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (100 words or less).

| | Milestone | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|---|--------------------------|---|
| 2a. | Overall Project | 1 | Anticipate FONZI being issued for DeltaCom's Environmental Assessment, network design to be 30% complete, and request for proposals issued for long lead equipment procurement. |
| 2b. | Environmental Assessment | 100 | Environmental assessment work complete and expect FONZI to be issued. |
| 2c. | Network Design | 34 | Outside Plant Engineering of fiber routes to be completed. |
| 2d. | Rights of Way | 0 | N/A |
| 2e. | Construction Permits and Other Approvals | 4 | On schedule |
| 2f. | Site Preparation | 0 | Activity will occur in fourth quarter 2010. |
| 2g. | Equipment Procurement | 0 | Equipment request for proposal will be issued in the third quarter 2010. Equipment receipt and invoice payment forecast for fourth quarter 2010. |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 0 | Vendor qualification and request for proposal will be issued in the third quarter 2010. Network build activity will occur in the fourth quarter 2010. |
| 2i. | Equipment Deployment | 0 | N/A |
| 2j. | Network Testing | 0 | N/A |
| 2k. | Other (please specify): N/A | 0 | N/A |

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3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (150 words or less).

N/A

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

| Budget for Entire Project | | | | Actuals from Project Inception through End of Current Reporting Period | | | Anticipated Actuals from Project Inception through End of Next Reporting Period | | |
|--|---------------------|-----------------------|----------------------|--|----------------|---------------|---|-----------------|-----------------|
| Cost Classification | Total Cost (plan) | Matching Funds (plan) | Federal Funds (plan) | Total Cost | Matching Funds | Federal Funds | Total Costs | Matching Funds | Federal Funds |
| a. Administrative and legal expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$1,743,207 | \$171,007 | \$1,572,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$90,000 | \$8,829 | \$81,171 | \$0 | \$0 | \$0 | \$36,309 | \$29,047 | \$7,262 |
| e. Other architectural and engineering fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| f. Project inspection fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| g. Site work | \$111,000 | \$10,889 | \$100,111 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| h. Demolition and removal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| i. Construction | \$3,000,000 | \$294,296 | \$2,705,704 | \$0 | \$0 | \$0 | \$77,520 | \$62,016 | \$15,504 |
| j. Equipment | \$5,462,000 | \$535,825 | \$4,926,175 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| k. Miscellaneous | \$1,325,500 | \$1,325,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| l. SUBTOTAL (add a through k) | \$11,731,812 | \$2,346,363 | \$9,385,449 | \$0 | \$0 | \$0 | \$113,829 | \$91,063 | \$22,766 |
| m. Contingencies | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS (sum of l and m) | \$11,731,812 | \$2,346,363 | \$9,385,449 | \$0 | \$0 | \$0 | \$113,829 | \$91,063 | \$0 |

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

| | |
|---|--------------------------------|
| a. Application Budget Program Income: \$0 | b. Program Income to Date: \$0 |
|---|--------------------------------|