

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

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| 1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration | 2. Award Identification Number NT10BIX5570026 | 3. DUNS Number 831415570 |
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| 4. Recipient Organization Keystone Initiative For Network Based Education and Research 624 North Front St, Wormleysburg, PA 17043-1022 |
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| 5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010 | 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.

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| 7a. Typed or Printed Name and Title of Certifying Official Patricia Campbell Compliance Officer | 7c. Telephone (area code, number and extension) 5704227954 |
| | 7d. Email Address pcampbell@kinber.org |

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| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 02-22-2011 |
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 KINBER initiated and completed a competitive RFP process to identify and select a new (replacement) construction vendor. This was necessitated in Q4 due to the original vendor (Fibertech) being unable to obtain a performance bond. KINBER was able to select a new vendor (BlairPark/Sunesys) as well as negotiate and execute the following agreements: Fiber Purchase and Master Facilities Agreement, Master Maintenance Agreement, Contribution Agreement, and Cable Overlash and Indefeasible Right to Use Agreement.
 KINBER engaged an independent Auditing firm to complete the organization's first fiscal review and audit. The audit had no findings.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative 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 (300 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 | 5 | Due to having to complete the RFP process and change construction vendors, the project is slightly behind originally anticipated progress. |
| 2b. | Environmental Assessment | 100 | EA is complete. FONSI received. |
| 2c. | Network Design | 25 | Due to having to complete the RFP process and change construction vendors, the project is slightly behind originally anticipated progress. |
| 2d. | Rights of Way | 0 | Due to having to complete the RFP process and change construction vendors, the project is slightly behind originally anticipated progress. |
| 2e. | Construction Permits and Other Approvals | 0 | Due to having to complete the RFP process and change construction vendors, the project is slightly behind originally anticipated progress. |
| 2f. | Site Preparation | 0 | . |
| 2g. | Equipment Procurement | 0 | . |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 0 | . |
| 2i. | Equipment Deployment | 0 | . |
| 2j. | Network Testing | 0 | . |
| 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 (600 words or less).
 The RFP process occurred during Q4 and delayed the construction of the project.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative 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 (600 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 | . |
| New network miles leased | 0 | n/a |

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

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

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 (in quarters) | 0 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: None yet.

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 (100 words or less). Wholesale services description:

The services that KINBER has proposed to offer have not changed since the Services Document was uploaded in a previous report. Pricing is still in development.

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 sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).

n/a KINBER will operate its own network.

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column 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 (300 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 | . |
| | Providers with signed agreements receiving improved access | 0 | . |
| | Providers with signed agreements receiving access to dark fiber | 0 | . |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | 1G to 100 G Ethernet |

| Subscriber Type | Access Type | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|---|---|-------|---|
| Community Anchor Institutions (including Government institutions) | Total subscribers served | 0 | . |
| | Subscribers receiving new access | 0 | . |
| | Subscribers receiving improved access | 0 | . |
| | Please identify the speed tiers that are available and the number or subscribers for each | 0 | 100M to 10G Ethernet |
| Residential / Households | Entities passed | 0 | . |
| | Total subscribers served | 0 | . |
| | Subscribers receiving new access | 0 | . |
| | Subscribers receiving improved access | 0 | . |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | . |
| Businesses | Entities passed | 0 | . |
| | Total subscribers served | 0 | . |
| | Subscribers receiving new access | 0 | . |
| | Subscribers receiving improved access | 0 | . |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | . |

7. Please describe any special offerings you may provide (600 words or less).

None

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

8b. If so, please describe the changes (300 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. Figures should be reported for the most recent reporting quarter only (NOT cumulatively). 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 (300 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 | None to report. The network construction is just beginning. |

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

Negotiation of member node agreements. Informational webinars will be provided to community anchor institutions. Press releases related to the award of the construction contracts will increase KINBER project awareness across the Commonwealth. Site surveys will be completed and site preparation will begin. Vendor will begin ordering process for fiber optic materials.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative 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 next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

| | Milestone | Planned Percent Complete | Narrative (describe reasons for any variance from baseline plan or any other relevant information) |
|-----|---|--------------------------|--|
| 2a. | Overall Project | 5 | . |
| 2b. | Environmental Assessment | 100 | . |
| 2c. | Network Design | 50 | Completing the RFP process in Q3 and selecting a new vendor has resulted in a delay in the network design that will continue in Q1, 2011. Agreements, signed in December 2010, delayed the design process. |
| 2d. | Rights of Way | 17 | Completing the RFP process in Q3 and selecting a new vendor has resulted in a delay in acquiring ROW on the proposed schedule. ROW for overlash will be completed on approximately 300 miles of planned fiber. |
| 2e. | Construction Permits and Other Approvals | 17 | Completing the RFP process in Q3 and selecting a new vendor has resulted in a delay in acquiring permits and approvals on the proposed schedule. It is anticipated that 300 miles of fiber will receive permits and approvals in Q1, 2011. |
| 2f. | Site Preparation | 30 | It is anticiapted that sites related to approximately 500 fiber miles will be completed. |
| 2g. | Equipment Procurement | 0 | . |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 0 | . |
| 2i. | Equipment Deployment | 0 | . |
| 2j. | Network Testing | 0 | . |
| 2k. | Other (please specify): n/a | 0 | n/a |

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 (600 words or less).

Weather in Q1 2011 may contribute to delays in pole attachment and related construction.

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 | \$3,513,083 | \$3,513,083 | \$0 | \$334,210 | \$334,210 | \$0 | \$500,000 | \$500,000 | \$0 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$0 | \$0 | \$0 | \$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 | \$512,500 | \$292,500 | \$220,000 | \$51,390 | \$36,905 | \$14,485 | \$72,860 | \$50,000 | \$22,860 |
| 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 | \$190,000 | \$190,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| h. Demolition and removal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| i. Construction | \$118,892,448 | \$23,691,770 | \$95,200,678 | \$0 | \$0 | \$0 | \$20,000 | \$0 | \$20,000 |
| j. Equipment | \$5,850,000 | \$1,610,000 | \$4,240,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| k. Miscellaneous | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| l. SUBTOTAL (add a through k) | \$128,958,031 | \$29,297,353 | \$99,660,678 | \$385,600 | \$371,115 | \$14,485 | \$592,860 | \$550,000 | \$42,860 |
| m. Contingencies | | | | | | | | | |
| n. TOTALS (sum of l and m) | \$128,958,031 | \$29,297,353 | \$99,660,678 | \$385,600 | \$371,115 | \$14,485 | \$592,860 | \$550,000 | \$42,860 |

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