

RECIPIENT NAME:Level 3 EON, LLC

AWARD NUMBER: NT10BIX5570043

DATE: 02/15/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

#### General Information

|   |   |  |
|---|---|--|
| <b>1. Federal Agency and Organizational Element to Which Report is Submitted</b><br><br>Department of Commerce, National Telecommunications and Information Administration                          | <b>2. Award Identification Number</b><br><br>NT10BIX5570043   | <b>3. DUNS Number</b><br><br>831201483 |
| <b>4. Recipient Organization</b><br><br>Level 3 EON, LLC 1025 Eldorado Blvd, Broomfield, CO 80021   |   |  |
| <b>5. Current Reporting Period End Date (MM/DD/YYYY)</b><br><br>12-31-2010  | <b>6. Is this the last Report of the Award Period?</b><br><br><input type="radio"/> Yes <input checked="" type="radio"/> No |  |
| <b>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.</b> |   |  |
| <b>7a. Typed or Printed Name and Title of Certifying Official</b><br><br>Monisha Merchant<br><br>Director, Product Management   | <b>7c. Telephone (area code, number and extension)</b><br><br>1720888603  |  |
|   | <b>7d. Email Address</b><br><br>Monisha.merchant@level3.com   |  |
| <b>7b. Signature of Certifying Official</b><br><br>Submitted Electronically   | <b>7e. Date Report Submitted (MM/DD/YYYY):</b><br><br>02-15-2011  |  |

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**

Set up the construction procurement process at all the locations. Completed the wavelength system designs for all sites.

**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  | 40               | Completed all network and engineering designs simultaneously. Construction procurement process still in progress. Variance due to delay in construction procurement activities. |
| 2b. | Environmental Assessment                                 | 100              | Complete  |
| 2c. | Network Design   | 100              | Complete  |
| 2d. | Rights of Way  | 0                | N/A - All construction will be on our own property.   |
| 2e. | Construction Permits and Other Approvals                 | 100              | Completed all engineering designs for all sites simultaneously.   |
| 2f. | Site Preparation   | 20               | Construction RFP still in progress. Variance due to delay in construction procurement activities. Award anticipated in February 2011.   |
| 2g. | Equipment Procurement                                    | 35               | Variance due to delay in construction procurement activities (item 2f).   |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 0                | Variance due to delay in construction procurement activities (item 2f).   |
| 2i. | Equipment Deployment                                     | 0                | Variance due to delay in construction procurement activities (item 2f).   |
| 2j. | Network Testing  | 0                | Variance due to delay in construction procurement activities (item 2f).   |
| 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).**

Ahead of schedule on network and engineering designs. Delay on Network Build and deployment due to longer construction procurement process than expected. Ready to move forward quickly as soon as construction procurement process is completed.

**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     | 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     | Variance due to delay in construction procurement activities (item 2f).                                     |
| Number of new wireless links                         | 0     | N/A   |

| Indicator  | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--|-------|---|
| Number of new towers                                 | 0     | N/A   |
| Number of new and/or upgraded interconnection points | 0     | Variance due to delay in construction procurement activities (item 2f).                                     |

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                     | 1  |
| Number of agreements currently being negotiated with broadband wholesalers or last mile providers | 0  |
| Average term of signed agreements (in quarters)   | 12 |

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:  
This is confidential per our contracts

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:  
Protected and unprotected transport 50Mbps to 10Gbps to last mile providers. Speeds: 50M, 100M, 150M, 200M, 300M, 400M, 500M, 600M, 1G, 2.5G, 10G, OC-3, OC-12, OC-48, OC-192. Pricing varies based on length of circuit, bandwidth, type of transport, and contract term.

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 third party operates (600 words or less).  
N/A

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                                     | 1     | Pending the construction procurement process (item 2f).  |
|   | Providers with signed agreements receiving improved access                                | 1     | Pending the construction procurement process (item 2f).  |
|   | 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     | Protected and unprotected transport 50Mbps to 10Gbps to last mile providers. Speeds: 50M, 100M, 150M, 200M, 300M, 400M, 500M, 600M, 1G, 2.5G, 10G, OC-3, OC-12, OC-48, OC-192. Pricing varies based on length of circuit, bandwidth, type of transport, and contract term. |
| Community Anchor Institutions (including Government institutions) | Total subscribers served  | 0     | N/A - Will serve anchor institutions via last mile providers.  |
|   | Subscribers receiving new access  | 0     | N/A - Will serve anchor institutions via last mile providers.  |

| Subscriber Type          | Access Type   | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--------------------------|---|-------|---|
|                          | Subscribers receiving improved access   | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Please identify the speed tiers that are available and the number or subscribers for each | 0     | N/A - Will serve anchor institutions via last mile providers.   |
| Residential / Households | Entities passed   | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Total subscribers served  | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Subscribers receiving new access  | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Subscribers receiving improved access   | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Please identify the speed tiers that are available and the number of subscribers for each | 0     | N/A - Will serve anchor institutions via last mile providers.   |
| Businesses               | Entities passed   | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Total subscribers served  | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Subscribers receiving new access  | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Subscribers receiving improved access   | 0     | N/A - Will serve anchor institutions via last mile providers.   |
|                          | Please identify the speed tiers that are available and the number of subscribers for each | 0     | N/A - Will serve anchor institutions via last mile providers.   |

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

We will provide four new access points on Level 3's existing broadband network to enable last mile providers to offer affordable high-speed services to under served areas. The additional points of interconnection will offer broadband speeds between 50 Mbps and 10 Gbps.

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  | N/A   |

**Project Indicators (Next Quarter)**

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

Purchase equipment. Deploy equipment. Set up and complete construction procurement process. Begin construction and begin completing interconnection points.

**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   | 60                       | Variance from baseline due to delay in construction procurement process.                           |
| 2b. | Environmental Assessment                                  | 100                      | Complete   |
| 2c. | Network Design  | 100                      | Complete   |
| 2d. | Rights of Way   | 0                        | N/A - All construction will be on our own property.  |
| 2e. | Construction Permits and Other Approvals                  | 100                      | Complete   |
| 2f. | Site Preparation  | 40                       | Variance from baseline due to delay in construction procurement process.                           |
| 2g. | Equipment Procurement                                     | 45                       | Variance from baseline due to delay in construction procurement process.                           |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 35                       | Variance from baseline due to delay in construction procurement process.                           |
| 2i. | Equipment Deployment                                      | 35                       | Variance from baseline due to delay in construction procurement process.                           |
| 2j. | Network Testing   | 20                       | Variance from baseline due to delay in construction procurement process.                           |
| 2k. | Other (please specify):                                   | 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).

Variances due to delay in construction procurement process. No challenges anticipated at this time. Possibly minor setbacks due to the delay in construction procurement process. We plan to be back on schedule by Q2 2011.

### 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                 | \$80,000           | \$20,000              | \$60,000             | \$0  | \$0            | \$0             | \$4,000   | \$1,000         | \$3,000          |
| b. Land, structures, right-of-ways, appraisals, etc. | \$10,800           | \$2,700               | \$8,100              | \$0  | \$0            | \$0             | \$3,200   | \$800           | \$2,400          |
| c. Relocation expenses and payments                  | \$0                | \$0                   | \$0                  | \$0  | \$0            | \$0             | \$0   | \$0             | \$0              |
| d. Architectural and engineering fees                | \$2,500            | \$625                 | \$1,875              | \$0  | \$0            | \$0             | \$0   | \$0             | \$0              |
| 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   | \$45,000           | \$11,250              | \$33,750             | \$8,000  | \$2,000        | \$6,000         | \$32,000  | \$8,000         | \$24,000         |
| h. Demolition and removal                            | \$0                | \$0                   | \$0                  | \$0  | \$0            | \$0             | \$0   | \$0             | \$0              |
| i. Construction                                      | \$145,800          | \$36,450              | \$109,350            | \$0  | \$0            | \$0             | \$80,000  | \$20,000        | \$60,000         |
| j. Equipment   | \$1,047,125        | \$261,781             | \$785,343            | \$25,973   | \$6,493        | \$19,480        | \$120,000   | \$30,000        | \$90,000         |
| k. Miscellaneous                                     | \$0                | \$0                   | \$0                  | \$0  | \$0            | \$0             | \$0   | \$0             | \$0              |
| <b>l. SUBTOTAL (add a through k)</b>                 | <b>\$1,331,225</b> | <b>\$332,806</b>      | <b>\$998,418</b>     | <b>\$33,973</b>  | <b>\$8,493</b> | <b>\$25,480</b> | <b>\$239,200</b>  | <b>\$59,800</b> | <b>\$179,400</b> |
| m. Contingencies                                     | \$0                | \$0                   | \$0                  | \$0  | \$0            | \$0             | \$0   | \$0             | \$0              |
| <b>n. TOTALS (sum of l and m)</b>                    | <b>\$1,331,225</b> | <b>\$332,806</b>      | <b>\$998,418</b>     | <b>\$33,973</b>  | <b>\$8,493</b> | <b>\$25,480</b> | <b>\$239,200</b>  | <b>\$59,800</b> | <b>\$179,400</b> |

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