

CINCINNATI BELL ANY DISTANCE INC

Form 424B3

September 30, 2009

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. These securities may not be sold and offers of these securities may not be accepted until this preliminary prospectus supplement is delivered in final form. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and Cincinnati Bell Inc. is not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3)
SEC File No. 333-162211

Subject to completion, dated September 30, 2009

Preliminary Prospectus Supplement

(To Prospectus Dated September 30, 2009)

\$500,000,000

CINCINNATI BELL INC.

% SENIOR NOTES DUE 2017

Interest payable on and

We are offering \$500,000,000 aggregate principal amount of notes due , 2017 bearing interest at % per year.

We may redeem some or all of the notes at any time on or after , 2013 at the redemption prices set forth in this prospectus supplement, plus accrued and unpaid interest. We may also redeem some or all of the notes prior to such date pursuant to a make-whole provision. In addition, on or before , 2012 we may redeem up to 35% of the aggregate principal amount of the notes using the net cash proceeds of certain equity offerings at the redemption price set forth in this prospectus supplement, plus accrued and unpaid interest. If we undergo certain change of control transactions, we may be required to offer to purchase the notes from holders.

The notes will be unsecured senior obligations, will rank equally with all of our existing and future senior indebtedness and will rank senior to all of our existing and future subordinated indebtedness. The notes will be effectively subordinated to all of our and our guarantor subsidiaries' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will be fully and unconditionally guaranteed on a senior unsecured basis by each of our current and future restricted subsidiaries that is a

guarantor under our senior credit facilities. The notes will also be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries.

For a more detailed description of the notes, see *Description of Notes*, beginning on page S-15.

Investing in the notes involves risk. See *Risk Factors* beginning on page S-6 of this prospectus supplement.

PRICE: % AND ACCRUED INTEREST, IF ANY

	<i>Price to Public⁽¹⁾</i>	<i>Underwriting Discounts and Commissions</i>	<i>Proceeds to Company</i>
<i>Per Note</i>	%	%	%
<i>Total</i>	\$	\$	\$

(1) Before expenses and plus accrued interest, if any, from , 2009.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes offered by this prospectus supplement will not be listed on any securities exchange and there is no existing trading market for the notes.

The underwriters expect to deliver the notes on or about October , 2009, only in book-entry form through the facilities of The Depository Trust Company.

Joint-Lead and Joint Bookrunning Managers

MORGAN STANLEY

BoFA MERRILL LYNCH

BARCLAYS CAPITAL

DEUTSCHE BANK SECURITIES

RBS

Joint-Lead Managers

WELLS FARGO SECURITIES

PNC CAPITAL MARKETS LLC

September , 2009

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>About this Prospectus Supplement</u>	S-ii
<u>Market Data</u>	S-ii
<u>Cautionary Statement Concerning Forward-Looking Statements</u>	S-ii
<u>Prospectus Supplement Summary</u>	S-1
<u>Summary Consolidated Financial Data</u>	S-5
<u>Risk Factors</u>	S-6
<u>Use of Proceeds</u>	S-13
<u>Capitalization</u>	S-14
<u>Description of Notes</u>	S-15
<u>Material United States Federal Income Tax Considerations</u>	S-55
<u>Underwriting</u>	S-58
<u>Validity of the Notes</u>	S-60
<u>Independent Registered Public Accounting Firm</u>	S-60
<u>Where You Can Find More Information</u>	S-61

Prospectus

<u>About this Prospectus</u>	1
<u>The Company</u>	2
<u>Risk Factors</u>	3
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	4
<u>Use of Proceeds</u>	6
<u>Ratio of Earnings to Fixed Charges</u>	7
<u>Description of Debt Securities and Guarantees</u>	8
<u>Plan of Distribution</u>	9
<u>Legal Matters</u>	11
<u>Experts</u>	12
<u>Where You Can Find More Information</u>	13

Unless we have indicated otherwise or the context otherwise requires, references in this prospectus supplement to **Cincinnati Bell, Company, we, us, our** and similar terms refer to Cincinnati Bell Inc., an Ohio corporation, and its consolidated subsidiaries. The term **Issuer** refers to Cincinnati Bell Inc. and none of its subsidiaries.

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See "Risk Factors" beginning on page S-6 of this prospectus supplement, in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the underwriters or any of our or their representatives are making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes. You should not assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date of such information.

S-i

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, as well as general information about the Company and the securities being offered hereunder. The second part, the accompanying prospectus, gives more general information about us and our debt securities. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement. You should read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under the heading "Where You Can Find More Information" in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate only as of the date on the front of this prospectus supplement and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

MARKET DATA

We obtained the market and competitive position data used throughout this prospectus supplement and the documents incorporated herein by reference from internal surveys, as well as market research, publicly available information and industry publications as indicated herein. Industry publications, including those referenced herein, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys and market research, while believed to be reliable, have not been independently verified, and neither we nor the underwriters make any representation as to the accuracy of such information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in or incorporated by reference in this prospectus supplement include certain forward-looking statements, as defined in federal securities laws including the Private Securities Litigation Reform Act of 1995, which are based on our current expectations, estimates and projections. Statements that are not historical facts, including statements about our beliefs, expectations and future plans and strategies, are forward-looking statements. These include, without limitation, any statements regarding:

future revenue, operating income, profit percentages, income tax refunds, realization of deferred tax assets, earnings per share or other results of operations;

the continuation of historical trends;

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the sufficiency of cash balances and cash generated from operating and financing activities for future liquidity and capital resource needs;

the effect of legal and regulatory developments; and

the economy in general or the future of the communications services and information technology industries.

S-ii

Table of Contents

Actual results may differ materially from those expressed or implied in forward-looking statements. The following important factors, among others, could cause or contribute to actual results being materially different from those described or implied by such forward-looking statements:

changing market conditions and growth rates within the telecommunications or information technology industries or generally within the overall economy;

changes in competition in markets in which we operate;

pressures on the pricing of our products and services;

advances in telecommunications technology;

the ability to generate sufficient cash flow to fund our business plan, repay debt and interest obligations, and maintain our networks;

the ability to refinance our indebtedness when required on commercially reasonable terms;

changes in the telecommunications regulatory environment;

changes in the demand for our services and products;

the demand for particular products and services within the overall mix of products sold, as our products and services have varying profit margins;

our ability to introduce new service and product offerings on a timely and cost effective basis;

work stoppages caused by labor disputes;

restrictions imposed under various credit facilities and debt instruments;

our ability to attract and retain highly qualified employees;

our ability to access capital markets and the successful execution of restructuring initiatives;

changes in the funded status of our retiree pension and healthcare plans;

disruption in operations caused by a health pandemic, such as the H1N1 influenza virus;

changes in our relationships with our current large customers, a small number of whom account for a significant portion of our revenues; and

disruption in our back-office information technology systems, including our customer billing system.

Additional important factors that could cause actual results and outcomes to differ materially from estimates or projections contained in the forward-looking statements include those factors described in the section titled "Risk Factors" beginning on page S-6 of this prospectus supplement, page 3 of the accompanying prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2009 and June 30, 2009, as updated by annual, quarterly and other reports and documents we file with the Securities and Exchange Commission, or the SEC, and that are incorporated by reference herein.

Statements, projections or estimates that include or reference the words "believes," "anticipates," "plans," "intends," "expects," "will" or any similar expression may fall within the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are found at various places throughout this prospectus supplement and the other documents incorporated herein by reference. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement or the date of the other documents incorporated by reference herein. Readers also should understand that it is not possible to predict or identify all such factors and that the risk factors as listed in our filings with the SEC should not be considered a complete statement of all potential risks and uncertainties. Readers should also realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from our projections. We undertake no obligation to update any forward-looking statements as a result of future events or developments.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information from this prospectus supplement and may not contain all the information that may be important to you. Accordingly, you should read this entire prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein, including the financial data and related notes, before making an investment decision. You may obtain a copy of the documents incorporated by reference by following the instructions in the section titled "Where You Can Find More Information" in this prospectus supplement. You should pay special attention to the "Risk Factors" sections of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein to determine whether an investment in the notes is appropriate for you.

The Business

We are a full-service regional provider of data and voice communications services and equipment over wireline and wireless networks. We provide telecommunications service primarily on our owned local wireline and wireless networks with a well-regarded brand name and reputation for service. In addition, we provide business customers with efficient, scalable office communications systems and complex information technology solutions, including data center and managed services, telecommunications equipment and information technology hardware.

We are an Ohio corporation. Our principal executive offices are located at 221 East Fourth Street, Cincinnati, Ohio 45202, and our telephone number is (513) 397-9900.

Corporate Structure

The chart below depicts our summary and simplified corporate structure and our outstanding indebtedness, adjusted to reflect this offering and the intended use of proceeds thereof, as of June 30, 2009.

Table of Contents

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement. For a more detailed description of the notes, see Description of Notes.

Issuer	Cincinnati Bell Inc.
Securities Offered	\$500,000,000 principal amount of % Senior Notes due 2017.
Maturity	The notes will mature on , 2017.
Interest Rate and Payment Dates	The notes will have an interest rate of % per annum, payable in cash on and of each year, beginning , 2010.
Optional Redemption	We may redeem some or all of the notes prior to , 2013 by paying either 101% of the principal amount of the notes or a make whole premium, whichever is greater, plus, in each case, accrued and unpaid interest, if any, as set forth in this prospectus supplement. We may also redeem some or all of the notes on or after , 2013 at redemption prices, plus accrued and unpaid interest, if any, as set forth under Description of Notes Optional Redemption.
Optional Redemption After Certain Equity Offerings	At any time prior to , 2012, we may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain equity offerings of our common stock at a redemption price of % of the principal amount of the notes plus accrued and unpaid interest, if any, to the redemption date, so long as (1) at least 65% of the original aggregate amount of the notes remains outstanding after each such redemption and (2) any such redemption is made within 60 days of such public equity offering. See Description of Notes Optional Redemption.
Change of Control	If we experience specific kinds of changes in control, holders of the notes will have the right to require us to purchase their notes, in whole or in part, at a price equal to 101% of the principal amount, together with any accrued and unpaid interest to the date of such purchase.
Note Guarantees	The notes will be fully and unconditionally guaranteed (each, a note guarantee) on an unsecured senior basis by each of the Issuer s current and future restricted subsidiaries that is a guarantor under our senior credit facilities (each, a note guarantor).
Ranking	The notes and the note guarantees will be unsecured senior obligations of the Issuer and the note guarantors, will rank equally with all of their existing and future senior indebtedness, senior to all of their existing and future senior subordinated and subordinated

Table of Contents

indebtedness and effectively junior to all of their existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness.

After giving effect to the offering and the application of the net proceeds therefrom, as of June 30, 2009, there would have been outstanding:

\$1,034.0 million in aggregate principal amount of senior indebtedness of the Issuer (excluding unused commitments under our senior credit facilities), of which \$286.5 million in aggregate principal amount outstanding would have been secured indebtedness,

no senior indebtedness of the note guarantors (excluding the guarantees of our senior credit facilities, our 7% Senior Notes due 2015, our 7¹/₄% Senior Notes due 2023 and the notes offered hereby and \$51.0 million of capital leases and other debt),

\$325.9 million in aggregate principal amount of indebtedness of non-guarantor subsidiaries effectively ranking senior to the notes and the note guarantees to the extent of the value of the assets of such non-guarantor subsidiaries,

\$790.0 million in aggregate principal amount of indebtedness of the Issuer that is subordinated or junior in right of payment to the notes (consisting of \$560.0 million in aggregate principal amount outstanding of our 8³/₈% Senior Subordinated Notes due 2014 and \$230.0 million in aggregate principal amount outstanding of the Issuer's subordinated guarantee of the Cincinnati Bell Telephone Notes of Cincinnati Bell Telephone Company LLC), and

no indebtedness of the note guarantors that is subordinated or junior in right of payment to the note guarantees (excluding the guarantees of our 8³/₈% Senior Subordinated Notes due 2014).

Negative Covenants

The indenture governing the notes will have certain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness or issue preferred stock,

create liens,

make investments,

enter into transactions with affiliates,

sell assets,

guarantee indebtedness,

declare or pay dividends or other distributions to shareholders,

repurchase equity interests,

S-3

Table of Contents

redeem debt that is junior in right of payment to the notes,

enter into agreements that restrict dividends or other payments from subsidiaries,

issue or sell capital stock of certain of our subsidiaries, and

consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

These covenants are subject to a number of important exceptions and qualifications. See [Description of Notes](#) [Certain Covenants](#).

Termination of Covenants

If, on any date following the date of the indenture, the notes have an investment grade rating from both Standard & Poor's Rating Group, Inc. and Moody's Investor Services, Inc., and no default or event of default has occurred and is continuing, most of the covenants under the indenture will be terminated. See [Description of Notes](#) [Certain Covenants](#).

Denominations

The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Taxation

For a summary of the U.S. federal income tax considerations relating to an investment in the notes, see [Material United States Federal Income Tax Considerations](#).

Original Issue Discount

The notes may be issued with original issue discount for U.S. federal income tax purposes. In such an event, U.S. Holders (as defined in [Material United States Federal Income Tax Considerations](#) [General](#)) will be required to include original issue discount in income as it accrues for U.S. federal income tax purposes in advance of receiving the cash that corresponds to that income. See [Material United States Federal Income Tax Considerations](#).

Trading and Listing

The notes will not be listed on any securities exchange. There is no existing trading market for the notes.

Use of Proceeds

We intend to use the net proceeds of the sale of the notes to redeem in full our 7¹/₄% Senior Notes due 2013 pursuant to the optional redemption provisions of the indenture governing the 7¹/₄% Senior Notes due 2013 and for general corporate purposes, including the redemption, repurchase and repayment of other outstanding debt. See [Use of Proceeds](#).

DTC Eligibility

The notes will be issued in book-entry form only and will be represented by one or more global certificates, without interest coupons, deposited with the trustee on behalf of DTC and registered in the name of a nominee of DTC. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. See [Description of Notes](#) [Book Entry, Delivery and Form](#).

S-4

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following summary consolidated financial data for the six-month periods ended June 30, 2009 and 2008 and as of June 30, 2009 are derived from, and qualified by reference to, our unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement, which have been prepared on a basis consistent with our annual audited financial statements. The following summary consolidated financial data for each of the years in the three-year period ended December 31, 2008 and as of December 31, 2008 and 2007 are derived from, and qualified by reference to, our audited consolidated financial statements incorporated by reference in this prospectus supplement. The summary data below should be read in conjunction with the financial statements, the related notes and the independent registered public accounting firm's report, which refers to the adoption of new accounting standards, incorporated by reference in this prospectus supplement. Operating results for the six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009 or any other future periods.

(dollars in millions)	Six months ended June 30, 2009 2008 (Unaudited)		Years ended December 31, 2008 2007 2006		
	Consolidated statement of operations data:				
Revenue	\$ 653.1	\$ 699.7	\$ 1,403.0	\$ 1,348.6	\$ 1,270.1
Operating expenses	497.2	562.7	1,097.8	1,066.2	957.6
Net income	55.1	38.5	102.6	73.2	86.3

(dollars in millions)	June 30, 2009 (Unaudited)	December 31, 2008 2007	
	Consolidated balance sheet data:		
Cash and cash equivalents	\$ 2.6	\$ 6.7	\$ 26.1
Total assets	2,009.9	2,086.7	2,019.6
Total debt	1,929.0	1,960.7	2,009.7
Total shareholder's deficit	(623.7)	(709.3)	(667.6)

(dollars in millions)	Six months ended June 30, 2009 2008 (Unaudited)		Years ended December 31, 2008 2007 2006		
	Other financial data:				
Cash provided by operating activities	\$ 170.5	\$ 187.9	\$ 403.9	\$ 308.8	\$ 334.7
Cash used for investing activities	96.6	123.8	250.5	263.5	260.0
Cash used for financing activities	78.0	68.8	172.8	98.6	21.0
Capital expenditures	94.2	103.2	230.9	233.8	151.3
Cash preferred dividends paid	5.2	7.8	10.4	10.4	10.4

Risk Factors

See "Risk Factors" beginning on page S-6 of this prospectus supplement and page 3 of the accompanying prospectus for a discussion of factors to which you should refer and carefully consider prior to making an investment in the notes.

Table of Contents

RISK FACTORS

Investing in the notes involves risks. Before purchasing any notes, you should carefully consider the specific factors discussed below, together with all the other information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein. For a further discussion of the risks, uncertainties and assumptions relating to our business, please see the discussion under the caption "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2009 and June 30, 2009, as updated by annual, quarterly and other reports and documents we file with the SEC, which are incorporated by reference in this prospectus supplement and the accompanying prospectus (excluding any portions of such documents which are deemed furnished and not filed).

Risks Relating to the Notes

Our substantial debt could limit our ability to fund operations, expose us to interest rate volatility, limit our ability to raise additional capital and have a material adverse effect on our ability to fulfill our obligations under the notes and on our business and prospects generally.

We have a substantial amount of debt and have significant debt service obligations. As of June 30, 2009, after giving effect to the offering of the notes and the application of the net proceeds therefrom, our aggregate outstanding indebtedness would have been \$1,989.1 million, and our total shareowner's deficit would have been \$635.5 million. In addition, at June 30, 2009, we had the ability to borrow an additional \$153.3 million under our senior credit facilities, subject to compliance with certain conditions. We may also incur additional debt from time to time, subject to the restrictions contained in our senior credit facilities and other debt instruments.

Our substantial debt could have important consequences to you, including the following:

we will be required to use a substantial portion of our cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic acquisitions, investments and alliances and other general corporate requirements;

our interest expense could increase if interest rates, in general, increase because, as of June 30, 2009, approximately 28% of our indebtedness is based on variable interest rates;

the interest rate on our revolving credit facility depends on the level of our specified financial ratios, and therefore could increase if our specified financial ratios require a higher rate;

our substantial debt will increase our vulnerability to general economic downturns and adverse competitive and industry conditions and could place us at a competitive disadvantage compared to those of our competitors that are less leveraged;

our debt service obligations could limit our flexibility to plan for, or react to, changes in our business and the industry in which we operate;

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our level of debt and shareowners' deficit may restrict us from raising additional financing on satisfactory terms to fund working capital, capital expenditures, strategic acquisitions, investments and joint ventures and other general corporate requirements;

our level of debt may prevent us from raising the funds necessary to repurchase all of the notes tendered to us upon the occurrence of a change of control, which would constitute an event of default under the notes; and

a potential failure to comply with the financial and other restrictive covenants in our debt instruments, which, among other things, require us to maintain specified financial ratios could, if not cured or waived, have a material adverse effect on our ability to fulfill our obligations under the notes and on our business and prospects generally.

S-6

Table of Contents

The servicing of our indebtedness requires a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. We cannot provide assurance that our business will generate sufficient cash flow from operations, that additional sources of debt financing will be available or that future borrowings will be available under our senior credit facilities, in each case, in amounts sufficient to enable us to service our indebtedness, including the notes, or to fund our other liquidity needs. If we cannot service our indebtedness, we will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and joint ventures, or selling assets, restructuring or refinancing indebtedness or seeking additional equity capital, which may adversely affect our shareholders, debtholders and customers. We may not be able to negotiate remedies on commercially reasonable terms, or at all. In addition, the terms of existing or future debt instruments, including the indenture governing the notes, may restrict us from adopting some or any of these alternatives.

We have the ability to incur substantial additional debt, which may intensify the risks associated with our substantial existing debt, including our ability to service the notes and other debt.

Our senior credit facilities and other debt instruments will permit us, subject to compliance with certain covenants, to incur a substantial amount of additional indebtedness, including senior secured indebtedness. As of June 30, 2009, after giving effect to the offering of the notes and the application of the proceeds therefrom, our aggregate outstanding indebtedness would have been approximately \$1,989.1 million and we would have had the ability to borrow an additional \$153.3 million under our senior credit facilities, subject to compliance with certain conditions. We may also incur additional debt from time to time, including under our receivables financing facility, subject to restrictions contained in our senior credit facilities and other debt instruments. If we incur additional debt above the levels in effect upon the closing of the offering, the risks associated with our substantial existing debt, including our ability to service our debt, could intensify.

Cincinnati Bell Inc. will depend on the receipt of dividends or other intercompany transfers from its subsidiaries to pay the principal of, and interest on, the notes. Claims of creditors of these subsidiaries may have priority over the claims of the noteholders with respect to the assets and earnings of these subsidiaries.

Cincinnati Bell Inc. conducts substantially all of its operations through its subsidiaries, and substantially all of the operating assets of the Company are held directly by its subsidiaries. Cincinnati Bell Inc., as the issuer of the notes, will therefore be dependent upon dividends or other intercompany transfers of funds from these subsidiaries in order to pay the principal of, and interest on, the notes and to meet its other obligations.

Although the note guarantees will provide holders of notes with a direct claim against the subsidiaries of Cincinnati Bell Inc. that are note guarantors, enforcement of the note guarantees against any note guarantor may be challenged in a bankruptcy or reorganization case or a lawsuit by or on behalf of creditors of the note guarantor and could be subject to the defenses available to guarantors generally. To the extent that the note guarantees are not enforceable against any or all guarantors, the notes would be effectively subordinated to all liabilities of the applicable note guarantors, including trade payables and contingent liabilities, and any preferred stock of such note guarantors.

In any event, the notes will be effectively subordinated to all liabilities of the subsidiaries of Cincinnati Bell Inc. that are non-guarantors. As of June 30, 2009, after giving effect to the offering of the notes and the application of the net proceeds therefrom, the non-guarantors would have had:

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assets of \$809.3 million, or 40% of our total assets;

liabilities of \$434.1 million (excluding intercompany liabilities), or 16% of our total liabilities;

revenue of \$663.4 million and \$322.4 million, or 46% and 47% of our consolidated revenue (excluding intercompany eliminations), for the year ended December 31, 2008 and for the six months ended June 30, 2009, respectively; and

S-7

Table of Contents

operating income of \$247.5 million and \$136.6 million, or 81% and 88% of our consolidated operating income, for the year ended December 31, 2008 and for the six months ended June 30, 2009, respectively.

Accordingly, in the event of dissolution, bankruptcy, liquidation or reorganization of Cincinnati Bell Inc., amounts may not be available to its creditors, including holders of the notes, until after the payment in full of the claims of creditors of its subsidiaries. Amounts available for distribution to creditors of Cincinnati Bell Inc. will be available first to holders of secured debt and only second to holders of unsecured debt, including holders of the notes, all as described below.

Although the indenture governing the notes limits the ability of Cincinnati Bell Inc.'s subsidiaries to enter into contractual restrictions on their ability to pay dividends and make other payments to Cincinnati Bell Inc., these limitations have a number of significant qualifications and exceptions. In addition, certain of Cincinnati Bell Inc.'s material subsidiaries, specifically (but not limited to) Cincinnati Bell Telephone Company LLC, are subject to debt obligations or regulatory schemes that potentially restrict their ability to distribute funds or assets to Cincinnati Bell Inc. Specifically, the various state public utility commissions with jurisdiction over Cincinnati Bell Telephone Company LLC may seek to exercise control over the payment of dividends to Cincinnati Bell Inc., including in cases where there has been a degradation of service quality at Cincinnati Bell Telephone Company LLC. If Cincinnati Bell Inc.'s subsidiaries were to be prohibited from paying dividends and making distributions to Cincinnati Bell Inc., it would have a material adverse effect on Cincinnati Bell Inc. and its ability to meet its obligations under the notes.

The notes are unsecured obligations, and upon becoming required to pay, our assets may be insufficient to pay amounts due on the notes.

The notes and note guarantees are our unsecured obligations that will be effectively subordinated in right of payment to all of Cincinnati Bell Inc.'s and each note guarantor's secured debt to the extent of the value of the collateral securing such debt. Debt outstanding under the senior credit facilities is secured by perfected first priority pledges of and security interests in (1) substantially all of the equity interests of Cincinnati Bell Inc.'s subsidiaries (other than subsidiaries of Cincinnati Bell Telephone Company LLC, Cincinnati Bell Funding LLC and certain immaterial subsidiaries) and (2) certain personal property and intellectual property of Cincinnati Bell Inc. and its subsidiaries (other than that of Cincinnati Bell Telephone Company LLC, Cincinnati Bell Funding LLC, Cincinnati Bell Extended Territories LLC and certain immaterial subsidiaries) with a total carrying value of approximately \$600 million at December 31, 2008. Cincinnati Bell Inc.'s 7/4% Senior Notes due 2023 and obligations under various swap agreements entered into by Cincinnati Bell Inc. are equally and ratably secured with the lenders under our senior credit facilities by the assets of Cincinnati Bell Inc., including the capital stock of its direct subsidiaries. In addition, debt incurred under the Company's receivables financing facility is secured by perfected first priority security interests in certain receivables of the Company.

As of June 30, 2009, after eliminating intercompany activity, we had \$286.5 million of senior secured debt, including capital lease obligations but excluding unused commitments of \$153.3 million under our \$210 million revolving credit facility. In addition, we and our subsidiaries may incur additional secured debt.

Because the notes and the note guarantees will be our unsecured obligations, the noteholders' right of repayment may be compromised if any of the following events were to occur:

a bankruptcy, liquidation, reorganization or other winding-up involving us or any of our subsidiaries;

a default in payment under our senior credit facilities or other secured debt; or

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an acceleration of any debt under our senior credit facilities or any other secured debt.

If any of these events were to occur, the secured lenders could foreclose on the pledged stock of our subsidiaries and on our and our subsidiaries assets in which they have been granted a security interest, in each

S-8

Table of Contents

case to your exclusion, even if an event of default exists under the indenture governing the notes at that time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the notes and note guarantees.

The indenture governing the notes, our senior credit facilities and other debt instruments contain covenants which impose significant operational and financial restrictions on us, and the failure to comply with these covenants would result in an event of default under these instruments.

Our debt instruments impose, and the terms of any future debt may impose, on us operating and other restrictions. These restrictions affect, and in many respects limit or prohibit, among other things, our and our restricted subsidiaries' ability to:

incur additional indebtedness;

create liens;

make investments;

enter into transactions with affiliates;

sell assets;

guarantee indebtedness;

declare or pay dividends or other distributions to shareholders;

repurchase equity interests;

redeem debt that is junior in right of payment to certain debt instruments;

enter into agreements that restrict dividends or other payments from subsidiaries;

issue or sell capital stock of certain of our subsidiaries; and

consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

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In addition, our senior credit facilities include restrictive covenants that may materially limit our ability to prepay other debt, including the notes. The agreement governing our senior credit facilities also requires us to achieve and maintain compliance with specified financial ratios.

The restrictions contained in our senior credit facilities and our other debt instruments could:

limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans;
and

adversely affect our ability to finance our operations, strategic acquisitions, investments or alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios would result in a default under some or all of the debt agreements. During the occurrence and continuance of a default, lenders under our senior credit facilities may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable, which would result in an event of default under the notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings. Additionally, our debt instruments contain cross-acceleration provisions, which generally cause each instrument to accelerate upon a qualifying acceleration of any other debt instrument. If we are unable to repay outstanding borrowings when due, the lenders under our senior credit facilities will also have the right to proceed against the collateral, including our pledged assets and those of our subsidiaries, granted to them to secure the indebtedness. We cannot provide assurance that, if the indebtedness under our

S-9

Table of Contents

senior credit facilities and the notes were to be accelerated, our assets would be sufficient to repay in full that indebtedness and our other indebtedness. If not cured or waived, such default could have a material adverse effect on our business and our prospects. We depend upon our senior credit facilities to provide for our financing requirements in excess of amounts generated by operations.

We may be unable to repurchase notes tendered pursuant to an offer to repurchase, which the indenture governing the notes requires us to make if a change of control occurs, because we may not have, or be able to raise, sufficient funds.

If we experience certain changes of control, the noteholders will have the right to require us to repurchase the notes at a purchase price in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest. Our ability to repurchase the notes upon a change of control is limited by the terms of our senior credit facilities. Upon a change of control, we may be required immediately to repay the outstanding principal, any accrued interest and any other amounts owed by us under our senior credit facilities and other debt instruments. We cannot provide assurance that we would be able to repay the required amounts or obtain the necessary consents to repurchase the notes. Our senior credit facilities provide that certain change of control events with respect to us constitute a default thereunder. Any future credit agreement or other agreements relating to indebtedness to which we become a party may contain similar provisions. Our failure to repurchase tendered notes at a time when the repurchase is required by the indenture governing the notes would constitute an event of default under the indenture, which, in turn, would constitute an event of default under our senior credit facilities and may constitute an event of default under other indebtedness. See Description of Notes Change of Control and Certain Covenants.

In addition, the change of control provisions in the indenture governing the notes will not necessarily afford the noteholders protection in the event of a highly leveraged transaction that may adversely affect the noteholders, including by way of a reorganization, restructuring, merger or other similar transaction involving us. These transactions may not involve a change in voting power or beneficial ownership, or, even if they do, may not involve a change of the magnitude required under the definition of change of control in the indenture governing the notes to trigger these provisions. Furthermore, the definition of change of control in the indenture governing the notes includes a phrase relating to the sale of all or substantially all of the assets of the Issuer. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all of the assets of the Issuer to another person may be uncertain.

Under federal bankruptcy or state fraudulent conveyance laws, a court could void obligations under the notes or note guarantees or subordinate the notes or the note guarantees to other obligations of the Issuer or the note guarantors.

The incurrence of indebtedness by us or the note guarantors, such as the notes or the note guarantees, may be subject to review under federal bankruptcy law or relevant state fraudulent conveyance laws if a bankruptcy case or lawsuit is commenced by or on behalf of unpaid creditors. Under these laws, if in such a case or lawsuit a court were to find that, at the time we or any note guarantor incurred indebtedness (including indebtedness under the notes or the note guarantees):

we or any note guarantor, as applicable, incurred such indebtedness with the intent of hindering, delaying or defrauding current or future creditors; or

(1) we or any note guarantor, as applicable, received less than reasonably equivalent value or fair consideration for incurring such indebtedness, and (2) we or any note guarantor, as applicable, (a) were insolvent or were rendered insolvent by reason of any of the transactions, (b) were engaged, or about to engage, in a business or transaction for which the assets remaining with us or such note guarantor constituted unreasonably small capital to carry on our or its business, (c) intended to incur, or believed that we or such note guarantor would incur, debts beyond our or its ability to pay as such debts matured

Table of Contents

(as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes), or (d) were a defendant in an action for money damages, or had a judgment for money damages docketed against us or such note guarantor (in either case, if, after final judgment, the judgment is unsatisfied);

then such court could avoid or subordinate the amounts owing under the notes or the note guarantees to our or such note guarantor's presently existing and future indebtedness and take other actions detrimental to you.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in any such proceeding. Generally, however, a debtor would be considered insolvent if, at the time such debtor incurred the indebtedness, either (1) the sum of its debts (including contingent liabilities) is greater than its assets, at fair valuation, or (2) the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured. There can be no assurance as to what standards a court would use to determine whether we or any note guarantor were solvent at the relevant time, or whether, whatever standard is used, the notes or note guarantees would not be avoided or subordinated on another of the grounds set forth above.

Additionally, under federal bankruptcy or applicable state insolvency law, if certain bankruptcy or insolvency proceedings were initiated by us or any note guarantor within 90 days after any payment by us with respect to the notes or by such note guarantor under the applicable note guarantee or if we or such note guarantor anticipated becoming insolvent at the time of such payment, all or a portion of such payment could be avoided as a preferential transfer, and the recipient of such payment could be required to return such payment.

The notes may be issued with original issue discount for U.S. federal income tax purposes.

The notes may be issued with original issue discount for U.S. federal income tax purposes. In such an event, U.S. Holders (as defined in Material United States Federal Income Tax Considerations - General) will be required to include original issue discount in income as it accrues for U.S. federal income tax purposes in advance of receiving the cash that corresponds to that income. See Material United States Federal Income Tax Considerations.

If an active trading market does not develop for the notes, a holder may not be able to resell them.

Currently, there is no established trading market for the notes. If no active trading market develops, a holder may not be able to resell the notes at their fair market value or at all. We do not intend to apply for listing of the notes on any securities exchange. The underwriters of the offering of the notes have informed us that they intend to make a market in the notes. However, they are not obligated to do so and may discontinue any such market-making at any time without notice.

The liquidity of any market for the notes will depend upon various factors, including:

the number of holders of the notes;

the interest of securities dealers in making a market for the notes;

our financial performance or prospects; and

the prospects for companies in our industry generally.

Accordingly, we cannot assure you that a market or liquidity will develop for the notes.

S-11

Table of Contents

Additional Risks Relating to the Business

A failure of our back-office information technology systems could adversely affect our results of operations and financial condition.

The efficient operation of our business depends on our back-office information technology systems. We rely on our back-office information technology systems to effectively manage our customer billing, business data, communications, supply chain, order entry and fulfillment and other business processes. A failure of our information technology systems to perform as we anticipate could disrupt our business and result in a failure to collect accounts receivable, transaction errors, processing inefficiencies and the loss of sales and customers, causing our reputation and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, security breaches and viruses. Any such damage or interruption could have a material adverse effect on our business.

A few large customers account for a significant portion of our revenues and accounts receivable. The loss or significant reduction in business from one or more of these large customers could cause our operating revenues to decline significantly and have a materially adverse long-term impact on our business.

One customer represented approximately 10% of our outstanding accounts receivable balance at December 31, 2008. Our business contracts with our customers, including our largest customers, may not sufficiently reduce the risk inherent in our business that customers may terminate or fail to renew their relationships with us. As a result of our customer concentration, our business, results of operations and financial condition could be materially adversely affected if we lost one or more of our large customers or if services purchased from us were significantly reduced.

Table of Contents

USE OF PROCEEDS

We expect to receive net proceeds of approximately \$ _____ from the sale of the notes to the underwriters, after deducting the underwriters discount, original issue discount, if any, and other offering expenses payable by us. We intend to use the net proceeds from the sale of the notes to redeem in full our 7 1/4% Senior Notes due 2013 pursuant to the optional redemption provisions of the indenture governing the 7 1/4% Senior Notes due 2013 in an aggregate principal amount of approximately \$439.9 million, plus accrued and unpaid interest and related call premium, and for general corporate purposes, including the redemption, repurchase and repayment of other outstanding debt.

S-13

Table of Contents**CAPITALIZATION**

We are providing the following information to assist you in analyzing the financial aspects of the offering. We urge you to read all the information contained in the following table together with our historical financial statements and related notes contained in our reports filed with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus (excluding portions of these reports which are furnished and not filed). See *Where You Can Find More Information*.

The following table sets forth our cash and capitalization as of June 30, 2009 (1) on an actual basis and (2) as adjusted to give effect to this offering and the use of the net proceeds of this offering to redeem our 7 1/4% Senior Notes due 2013 in an aggregate principal amount of approximately \$439.9 million, plus accrued and unpaid interest and related call premium.

	As of June 30, 2009	
	Actual (unaudited, in millions)	As Adjusted (1)
Cash and cash equivalents	\$ 2.6	\$ (1)
Total debt (including current portion):		
Credit facility, revolver	30.6	30.6
Credit facility, Tranche B Term Loan	205.9	205.9
Total credit facilities	236.5	236.5
Receivables facility ⁽²⁾	89.0	89.0
Capital lease obligations and other debt	57.9	57.9
7 1/4% Senior Notes due 2013	439.9	
7% Senior Notes due 2015*	254.2	254.2
7 1/4% Senior Notes due 2023	50.0	50.0
% Senior Notes due 2017 offered hereby		500.0
Cincinnati Bell Telephone Notes	230.0	230.0
8 3/8% Senior Subordinated Notes due 2014*	571.3	571.3
Net unamortized premium	0.2	0.2 ⁽³⁾
Total debt	1,929.0	1,989.1
Shareowners' deficit:		
6 3/4% Cumulative Convertible Preferred Stock	129.4	129.4
Common shareowners' deficit	(753.1)	(764.9) ⁽⁴⁾
Total shareowners' deficit	(623.7)	(635.5)
Total capitalization	\$ 1,305.3	\$ 1,353.6

* The face amount of these notes has been adjusted for the fair value of interest rate swaps classified as fair value derivatives and the unamortized called amounts received on terminated interest rate swaps.

(1) As adjusted will be equal to the actual balance plus net proceeds of this offering after any original issue discount, underwriting discounts and estimated offering expenses minus amounts used to redeem the 7 1/4% Senior Notes due 2013, including accrued and unpaid interest and \$10.6 million of aggregate call premium.

(2) The receivables facility is accounted for as secured indebtedness of Cincinnati Bell Funding LLC. Cincinnati Bell Funding LLC is an unrestricted subsidiary for purposes of the indentures governing Cincinnati Bell Inc.'s debt instruments (including the

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notes) and is not a guarantor of any indebtedness of Cincinnati Bell Inc. (including the notes) or any other subsidiary of Cincinnati Bell Inc.

- (3) Does not include the impact of any original issue discount on the notes offered hereby.
- (4) As adjusted reflects actual common shareowners' deficit plus an estimated \$11.8 million loss, net of income tax, on the extinguishment of the 7 1/4% Senior Notes due 2013.

S-14

Table of Contents

DESCRIPTION OF NOTES

Definitions of certain terms used in this Description of Notes may be found under the heading Certain Definitions. For purposes of this section, the term Issuer refers only to Cincinnati Bell Inc. and not to any of its subsidiaries. Certain of the Issuer's subsidiaries will guarantee the Notes and therefore will be subject to many of the provisions contained in this Description of Notes. Each subsidiary which guarantees the Notes is referred to in this section as a Note Guarantor. Each such guarantee is termed a Note Guarantee.

The Issuer will issue the Notes under an Indenture, to be dated as of October , 2009 (as used in this section, the Indenture), among the Issuer, the Note Guarantors and The Bank of New York Mellon, as Trustee (the Trustee), a copy of which is available upon request to the Issuer. The Indenture contains provisions which define your rights under the Notes. In addition, the Indenture governs the obligations of the Issuer and of each Note Guarantor under the Notes. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the TIA.

The following description is meant to be only a summary of certain provisions of the Indenture. It does not restate the terms of the Indenture in their entirety. We urge that you carefully read the Indenture as it, and not this description, governs your rights as a Holder.

Overview of the Notes and the Note Guarantees

The Notes:

will be general unsecured obligations of the Issuer;

will rank equally in right of payment with all existing and future senior Indebtedness of the Issuer;

will be senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer;

will be effectively subordinated to any Secured Indebtedness of the Issuer and its Subsidiaries to the extent of the value of the assets securing such Indebtedness; and

will be effectively subordinated to all liabilities (including trade payables) and Preferred Stock of each Subsidiary of the Issuer that is not a Note Guarantor.

The Note Guarantors

The Notes will be guaranteed by each Restricted Subsidiary of the Issuer that Guarantees borrowings by the Issuer under the Credit Agreement.

The Note Guarantee of each Note Guarantor:

will be general unsecured obligations of such Note Guarantor;

will rank equally in right of payment with all existing and future senior Indebtedness of such Note Guarantor;

will be senior in right of payment to all existing and future Subordinated Indebtedness of such Note Guarantor; and

will be effectively subordinated to any Secured Indebtedness of such Note Guarantor and its Subsidiaries to the extent of the value of the assets securing such Indebtedness.

The Notes will not be guaranteed by Restricted Subsidiaries of the Issuer that do not Guarantee borrowings under the Credit Agreement or by Unrestricted Subsidiaries. None of Cincinnati Bell Telephone, its Subsidiary, Cincinnati Bell Extended Territories LLC, our Mutual Subsidiaries, our foreign subsidiaries or certain immaterial subsidiaries will be a guarantor. Accordingly, for so long as these Subsidiaries remain non-guarantors under the

Table of Contents

Credit Agreement, these Subsidiaries will not be Note Guarantors. The non-guarantors had (1) assets of \$809.3 million, or 40% of our total assets, as of June 30, 2009, (2) liabilities of \$434.1 million (excluding intercompany liabilities), or 16% of our total liabilities, as of June 30, 2009 after giving effect to the offering and the use of the net proceeds therefrom, (3) revenue of \$663.4 million and \$322.4 million, or 46% and 47% of our consolidated revenue (excluding intercompany liabilities), for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively, and (4) operating income of \$247.5 million and \$136.6 million, or 81% and 88% of our consolidated operating income, for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively.

Principal, Maturity and Interest

We will initially issue Notes in an aggregate principal amount of \$500 million. The Notes will mature on _____, 2017. We will issue the Notes in fully registered form, without coupons, in denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.

Each Note we issue will bear interest at a rate of _____ % per annum beginning on _____, 2009 or from the most recent date to which interest has been paid or provided for. We will pay interest semiannually to Holders of record at the close of business on the _____ or _____ immediately preceding the interest payment date on _____ and _____ of each year. We will begin paying interest to Holders on _____, 2010.

Indenture May Be Used For Future Issuances

We may issue an unlimited amount of additional Notes having identical terms and conditions to the Notes we are currently offering (the Additional Notes). We will only be permitted to issue such Additional Notes if at the time of such issuance we are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes that we are currently offering and will vote on all matters with such Notes.

Paying Agent and Registrar

We will pay the principal of, premium, if any, and interest on the Notes at any office of ours or any agency designated by us which is located in the Borough of Manhattan, The City of New York. We have initially designated the corporate trust office of the Trustee to act as the agent of the Issuer in such matters. The location of the corporate trust office is 101 Barclay Street, New York, New York 10286. We, however, reserve the right to pay interest to Holders by check mailed directly to Holders at their registered addresses.

Holders may exchange or transfer their Notes at the same location given in the preceding paragraph. No service charge will be made for any registration of transfer or exchange of Notes. We, however, may require Holders to pay any transfer tax or other similar governmental charge payable in connection with any such transfer or exchange.

Optional Redemption

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Except as set forth in the following two paragraphs, we may not redeem the Notes prior to _____, 2013. After this date, we may redeem the Notes, in whole or in part, on not less than 30 nor more than 60 days prior notice, at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on _____ of the years set forth below:

Year	Redemption Price
2013	
2014	
2015 and thereafter	100.000%

S-16

Table of Contents

At any time prior to _____, 2013, we may redeem all or part of the Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) the Applicable Premium as of the date of redemption, plus (iii) accrued and unpaid interest, if any, to the date of redemption.

Prior to _____, 2012, we may, on one or more occasions, also redeem up to a maximum of 35% of the aggregate principal amount of the Notes (calculated giving effect to any issuance of Additional Notes) with the Net Cash Proceeds of one or more Equity Offerings by the Issuer, at a redemption price equal to _____% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that after giving effect to any such redemption:

- (1) at least 65% of the original aggregate principal amount of the Notes (calculated giving effect to any issuance of Additional Notes) remains outstanding; and
- (2) any such redemption by the Issuer must be made within 60 days of such Equity Offering and must be made in accordance with certain procedures set forth in the Indenture.

Selection

If we partially redeem Notes, the Trustee will select the Notes to be redeemed on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, although no Note of \$2,000 in original principal amount or less will be redeemed in part. If we redeem any Note in part only, the notice of redemption relating to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as we have deposited with the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest thereon, if any, the Notes to be redeemed.

Ranking

The Notes will be unsecured senior Indebtedness of the Issuer, will rank equally in right of payment with all existing and future senior Indebtedness of the Issuer and will be senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer. The Notes also will be effectively subordinated to any Secured Indebtedness of the Issuer and its Subsidiaries to the extent of the value of the assets securing such Indebtedness.

The Note Guarantees will be unsecured senior Indebtedness of the applicable Note Guarantor, will rank equally in right of payment with all existing and future senior Indebtedness of such Note Guarantor and will be senior in right of payment to all existing and future Subordinated Indebtedness of such Note Guarantor. The Note Guarantees also will be effectively subordinated to any Secured Indebtedness of the applicable Note Guarantor and its Subsidiaries to the extent of the value of the assets securing such Secured Indebtedness.

The Indebtedness represented by the Notes and the Note Guarantees will be Designated Senior Indebtedness for the purposes of the Issuer's existing Subordinated Indebtedness and any related Permitted Refinancing Indebtedness.

The Issuer currently conducts all its operations through its Subsidiaries. To the extent such Subsidiaries are not Note Guarantors, creditors of such Subsidiaries, including trade creditors, and preferred stockholders, if any, of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer, including Holders. The Notes, therefore, will be effectively subordinated to the claims of creditors, including trade creditors, and preferred stockholders, if any, of Subsidiaries of the Issuer that are not Note Guarantors.

S-17

Table of Contents

With respect to the Notes and the Note Guarantees, after giving effect to the issuance of the Notes and the use of proceeds therefrom, as of June 30, 2009, there would have been outstanding:

\$1,034.0 million in aggregate principal amount of senior Indebtedness of the Issuer (excluding unused commitments under the Credit Agreement), of which \$286.5 million in aggregate principal amount would have been Secured Indebtedness,

no senior Indebtedness of the Note Guarantors (excluding the guarantees of the Credit Agreement, our 7% Notes, our 7¹/₄% Senior Notes and the Notes offered hereby and \$51.0 million of capital leases and other debt),

\$325.9 million in aggregate principal amount of Indebtedness of non-guarantor Subsidiaries effectively ranking senior to the Notes and the Note Guarantees to the extent of the value of the assets of such non-guarantor Subsidiaries,

\$790.0 million in aggregate principal amount of Indebtedness of the Issuer that is subordinated or junior in right of payment to the Notes (consisting of \$560.0 million in aggregate principal amount of our 8³/₈% Notes and \$230.0 million in aggregate principal amount of the Issuer's subordinated guarantee of Cincinnati Bell Telephone Company LLC's (CBT) Cincinnati Bell Telephone Notes (such notes of CBT, collectively, the CBT Notes), and

no Indebtedness of the Note Guarantors that is subordinated or junior in right of payment to the Note Guarantees (excluding the guarantees of our 8³/₈% Notes).

Although the Indenture will limit the Incurrence of Indebtedness by the Issuer and the Restricted Subsidiaries and the issuance of Preferred Stock by the Restricted Subsidiaries, such limitation is subject to a number of significant qualifications. The Issuer and its Subsidiaries may be able to Incur substantial amounts of Indebtedness in certain circumstances. Such Indebtedness may be senior Indebtedness.

The Notes will rank equally in all respects with all other senior Indebtedness of the Issuer. Unsecured Indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured.

Note Guarantees

The Restricted Subsidiaries of the Issuer that Guarantee borrowings by the Issuer under the Credit Agreement, and certain future subsidiaries of the Issuer (as described below), as primary obligors and not merely as sureties, will jointly and severally irrevocably and unconditionally Guarantee on an unsecured senior basis the performance and full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Note Guarantors being herein called the Guaranteed Obligations). Such Note Guarantors will agree to pay, in addition to the amount stated above, any and all costs and expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the Holders in enforcing any rights under the Note Guarantees. Each Note Guarantee will be limited in amount to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Note Guarantor without rendering the Note Guarantee, as it relates to such Note Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. After the Closing Date, the Issuer will cause each Restricted Subsidiary that Guarantees borrowings by the Issuer under the Credit Agreement to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will Guarantee payment of the Notes. See Certain Covenants Future Note Guarantors below.

Each Note Guarantee is a continuing guarantee and shall (a) remain in full force and effect until payment in full of all the Guaranteed Obligations, (b) be binding upon each Note Guarantor and its successors and (c) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns.

S-18

Table of Contents

The Note Guarantee of a Note Guarantor will be released:

- (1) in connection with any sale of all of the Capital Stock of such Note Guarantor (including by way of merger or consolidation) to a Person or a group of Persons that is not (either before or after giving effect to such transaction) an Affiliate of the Issuer, if the sale complies with the covenant described under **Certain Covenants Asset Dispositions** and, to the extent applicable, complies with the provisions described under **Merger and Consolidation** ;
- (2) if the Issuer designates such Restricted Subsidiary that is a Note Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture; or
- (3) if such a Note Guarantor is released from its Guarantee of borrowings by the Issuer under the Credit Agreement.

Change of Control

Upon the occurrence of any of the following events (each a **Change of Control**), each Holder will have the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date):

- (1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more related transactions, of all or substantially all of the properties and assets of the Company and its Subsidiaries, taken as a whole, to any Person unless: (x) pursuant to such transaction such assets are changed into or exchanged for, in addition to any other consideration, securities of such Person that represent immediately after such transaction at least a majority of the aggregate voting power of the Voting Stock of such Person and (y) no person (as such term is used in Section 13(d)(3) of the Exchange Act) or group (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have beneficial ownership of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of such Person;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Issuer;
- (3) any person (as such term is used in Section 13(d)(3) of the Exchange Act) or group (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have beneficial ownership of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Issuer;
- (4) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Issuer (together with any new directors whose election by such board of directors of the Issuer or whose nomination for election by the shareholders of the Issuer was approved by a majority vote of the directors of the Issuer then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Issuer then in office; or

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- (5) the merger or consolidation of the Issuer with or into another Person or the merger of another Person with or into the Issuer and the securities of the Issuer that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the Voting Stock of the Issuer are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the

S-19

Table of Contents

surviving Person that represent immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving Person;

provided, however, that notwithstanding the occurrence of a Change of Control, the Issuer shall not be obligated to purchase the Notes pursuant to this section in the event that it has exercised its right to redeem all the Notes under the terms of the section titled "Optional Redemption."

In the event that at the time of such Change of Control the terms of the Credit Agreement restrict or prohibit the repurchase of Notes pursuant to this covenant, then prior to the mailing of the notice to Holders provided for in the immediately following paragraph but in any event within 30 days following any Change of Control, the Issuer shall:

- (1) repay in full all Indebtedness under the Credit Agreement or, if doing so will allow the purchase of Notes, offer to repay in full all Indebtedness under the Credit Agreement and repay the Indebtedness under the Credit Agreement of each lender who has accepted such offer, or
- (2) obtain the requisite consent under the Credit Agreement to permit the repurchase of the Notes as provided for in the immediately following paragraph.

Within 30 days following any Change of Control, the Issuer shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

- (1) that a Change of Control has occurred and that such Holder has the right to require the Issuer to purchase all or a portion of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest, if any, on the relevant interest payment date);
- (2) the circumstances and relevant facts and financial information regarding such Change of Control;
- (3) the purchase date (which shall be no earlier than 10 Business Days nor later than 60 days from the date such notice is mailed); and
- (4) the instructions determined by the Issuer, consistent with this covenant, that a Holder must follow in order to have its Notes purchased.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Any Change of Control Offer may be conditioned on the consummation of a Change of Control.

In addition, Holders may not be entitled to require us to purchase their Notes in certain circumstances involving a significant change in the composition of the Board of Directors of the Issuer, including in connection with a proxy contest where such Board of Directors does not endorse a dissident slate of directors but approves them as directors.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control purchase feature is a result of negotiations between the Issuer and the underwriters. Management has no present intention to engage in a transaction involving a Change of Control, although it is

S-20

Table of Contents

possible that the Issuer would decide to do so in the future. Subject to the limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Issuer's capital structure or credit ratings. Restrictions on the ability of the Issuer to incur additional Indebtedness are contained in the covenants described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, and Certain Covenants Limitation on Liens. Such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The occurrence of certain of the events which would constitute a Change of Control would constitute a default under the Credit Agreement. Future Indebtedness of the Issuer may contain prohibitions of certain events which would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a purchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required purchases. The provisions under the Indenture relative to the Issuer's obligation to make an offer to purchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Certain Covenants

The Indenture will contain covenants including, among others, the following:

Incurrence of Indebtedness and Issuance of Preferred Stock. (a) The Issuer will not, and will not permit any Restricted Subsidiary to, incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness) and shall not permit any of its Restricted Subsidiaries that is not a Note Guarantor to issue any Preferred Stock; *provided, however*, that the Issuer and its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), and the Restricted Subsidiaries that are not Note Guarantors may issue Preferred Stock, if on the date of such Incurrence or issuance and after giving effect thereto (x) the Consolidated Adjusted Debt to EBITDA Ratio is less than 6.00 to 1.00 and (y) the Consolidated Adjusted Senior Debt to EBITDA Ratio is less than 4.00 to 1.00 (this test being referred to herein as the Leverage Test). For the purpose of the calculation of the Leverage Test, with respect to any period included in such calculation, Consolidated EBITDA, the components of Consolidated Interest Expense, and Consolidated Adjusted Debt shall be calculated with respect to such period by the Issuer in good faith on a pro forma basis (including and consistent with Permitted Adjustments), giving effect to any Permitted Acquisition, Asset Disposition or Incurrence or redemption or repayment of Indebtedness that has given rise to the need for such calculation, has occurred during such period or has occurred after such period and on or prior to the date of such calculation (each a Subject Transaction).

(b) The foregoing paragraph (a) shall not apply to:

- (1) the Incurrence by the Issuer and its Restricted Subsidiaries of the Existing Indebtedness;
- (2) the Incurrence by the Issuer and its Restricted Subsidiaries of the Indebtedness represented by the Notes and the Note Guarantees (not including any Additional Notes);
- (3)

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(i) Purchase Money Indebtedness and mortgage financings (excluding Capital Lease Obligations and Synthetic Lease Obligations) hereinafter incurred by the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount that does not exceed \$70.0 million at any one time outstanding; and (ii) Indebtedness hereinafter incurred by the Issuer or any of its Restricted Subsidiaries under any Channel Financing Facility in an aggregate principal amount that, when taken together with the

S-21

Table of Contents

aggregate then outstanding principal amount of Indebtedness incurred under all other Channel Financing Facilities of the Issuer and its Restricted Subsidiaries incurred under this clause (3), does not exceed \$30.0 million at any one time outstanding;

- (4) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, Refinance, renew, replace, defease or refund, Indebtedness that was permitted by the Indenture to be Incurred by the Issuer or such Restricted Subsidiary;
- (5) the Incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness (A) between or among the Issuer and any Restricted Subsidiaries of the Issuer and (B) consisting of debits and credits among the Issuer and its Subsidiaries pursuant to a Centralized Cash Management System; *provided, however*, that (i) any intercompany Indebtedness which is borrowed by the Issuer or a Note Guarantor from a Restricted Subsidiary that is not a Note Guarantor shall be expressly subordinated to the Notes or such Note Guarantor's Note Guarantee and (ii) (x) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary, or (y) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, or a lender or agent upon exercise of remedies under a pledge of such Indebtedness under the Credit Agreement, shall be deemed, in each case of the foregoing clauses (ii)(x) and (y), to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;
- (6) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Interest Swap Obligations that are Incurred for the purpose of fixing or hedging interest rate risk with respect to any Indebtedness that is permitted by the terms of the Indenture to be outstanding;
- (7) Indebtedness of the Issuer or any Restricted Subsidiary under the Credit Agreement in an aggregate amount at any time outstanding not to exceed \$900 million, less, to the extent a permanent repayment and/or commitment reduction is required thereunder as a result of such application, the aggregate amount of Net Proceeds applied to repayments under the Credit Agreement in accordance with the covenant described under Asset Dispositions ;
- (8) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness under Currency Agreements;
- (9) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness of the Issuer or any of its Restricted Subsidiaries represented by letters of credit for the account of the Issuer or such Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the Ordinary Course of Business;
- (10) the Incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of performance bonds, bankers acceptances, workers' compensation claims, completion guarantees, letters of credit surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations Incurred in the Ordinary Course of Business;
- (11) the Guarantee by the Issuer or any of its Restricted Subsidiaries of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer that was permitted to be Incurred by another provision of this covenant;
- (12) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary of the Issuer providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred in connection with an Asset Disposition or acquisition permitted by the Indenture or other sale or disposition of assets permitted under the Indenture;
- (13) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Issuer (other than Indebtedness Incurred in contemplation of, in connection with, as consideration in, or to provide all or any portion of the funds or credit support

Table of Contents

utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of or was otherwise acquired by the Issuer); *provided, however*, that on the date that such Restricted Subsidiary is acquired by the Issuer, the Issuer would have been able to Incur \$1.00 of additional Indebtedness under the first paragraph of this covenant pursuant to the Leverage Test after giving effect to the Incurrence of such Indebtedness pursuant to this clause (13);

- (14) (i) Indebtedness represented by Capital Lease Obligations (other than Capital Lease Obligations described in the following clause (ii)) and Synthetic Lease Obligations hereinafter incurred by the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount that, when taken together with the Remaining Present Value of such outstanding Capital Lease Obligations and Synthetic Lease Obligations relating to Sale and Leaseback Transactions entered into in accordance with Section 8.05(b)(ii) of the Credit Agreement (as in effect on the date hereof), does not exceed \$150.0 million at any time outstanding and (ii) Indebtedness represented by Capital Lease Obligations in connection with the Data Center Sale and Leaseback Transactions and the Wireless Tower Sale and Leaseback Transactions and in each case otherwise in compliance with the conditions set forth in the applicable definition thereof; *provided that* that (x) the aggregate outstanding Remaining Present Value of (A) all leases entered into in connection with all Data Center Sale and Leaseback Transactions, plus (B) all leases entered into in connection with all Wireless Tower Sale and Leaseback Transactions, plus (y) all Indebtedness represented by Capital Lease Obligations and Synthetic Lease Obligations entered into under clause (i) does not at any time exceed \$250.0 million in the aggregate;
- (15) the Incurrence of other Indebtedness not to exceed \$100.0 million in aggregate principal amount at any time outstanding; and
- (16) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse (other than pursuant to representations, warranties, covenants, indemnities and performance guarantees customarily entered into in connection with a Receivables financing) to the Issuer or to any Restricted Subsidiary of the Issuer or its assets (other than such Receivables Subsidiary and its subsidiaries and assets), in an amount not to exceed \$150.0 million in aggregate principal amount at any time outstanding.

(c) For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in clauses (1) through (16) of the immediately preceding paragraph or is entitled to be Incurred pursuant to paragraph (a) of this covenant, the Issuer shall, in its sole discretion, classify (or later reclassify) such item of Indebtedness in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness in one of such clauses of the immediately preceding paragraph or pursuant to paragraph (a) of this covenant; *provided that* Indebtedness outstanding under the Credit Agreement as of the Closing Date shall be deemed to have been Incurred pursuant to clause (7) of paragraph (b) of this covenant. Accrual of interest, accretion of accreted value, amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms as the Indebtedness on which such interest is being paid and any other issuance of securities paid-in-kind shall not be deemed to be Incurrence of Indebtedness for purposes of this covenant, but such amounts shall be included in Consolidated Adjusted Debt to the extent provided for in such definition. In addition, the Issuer may, at any time, change the classification of an item of Indebtedness (or any portion thereof) to any other clause of the immediately preceding paragraph or to Indebtedness properly Incurred under paragraph (a) of this covenant, *provided that* the Issuer would be permitted to Incur such item of Indebtedness (or portion thereof) pursuant to such other clause of the immediately preceding paragraph or paragraph (a) of this covenant, as the case may be, at such time of reclassification.

Restricted Payments. (a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

- (1) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of Capital Stock (including any payment in connection with a merger or consolidation involving the Issuer or any of its Restricted Subsidiaries),

Table of Contents

except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Capital Stock or Capital Stock convertible into or exchangeable for Disqualified Capital Stock) and (y) dividends or distributions payable to the Issuer or to a Restricted Subsidiary (and, if the Restricted Subsidiary making such dividend or distribution has equityholders other than the Issuer or another Restricted Subsidiary, to such equityholders on a pro rata basis),

- (2) purchase, redeem or otherwise acquire for value any shares of Capital Stock of the Issuer now or hereafter outstanding held by a Person other than the Issuer or another Restricted Subsidiary,
- (3) make any payment or prepayment of principal or premium, if any, or any redemption, exchange, purchase, retirement, defeasance, sinking fund or other payment, in each case, with respect to any Subordinated Indebtedness of the Issuer prior to scheduled maturity, scheduled payment, scheduled repayment or scheduled sinking fund payment thereof (except for any redemption, exchange, purchase, retirement, defeasance, sinking fund or other payment within twelve months of the final maturity thereof), or
- (4) make any Restricted Investments (the items described in clauses (1), (2), (3), and (4) are referred to as Restricted Payments); except that the Issuer or any Restricted Subsidiary of the Issuer may make a Restricted Payment if at the time of and after giving effect to such Restricted Payment:
 - (A) no Default or Event of Default will have occurred and be continuing (or would result therefrom);
 - (B) the Issuer could Incur at least \$1.00 of additional Indebtedness under paragraph (a) of the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ; and
 - (C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after February 16, 2005 (excluding Restricted Payments permitted by subsections (b)(1) through (4), inclusive, (7), (8) and (9) of this covenant), would be less than the sum, without duplication, of:
 - (i) Consolidated EBITDA minus 150% of Consolidated Interest Expense for the period (taken as one accounting period) from January 1, 2005 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements of the Issuer and its Restricted Subsidiaries are available at the time of such Restricted Payment;
 - (ii) to the extent that any Restricted Investment that was made after February 16, 2005 is sold for cash or otherwise liquidated or repaid for cash, the lesser of (x) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (y) the initial amount of such Restricted Investment;
 - (iii) the amount equal to the net reduction in Investments in Unrestricted Subsidiaries resulting from the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued as provided in the definition of Investment);
 - (iv) net cash dividends or other net cash distributions paid to the Issuer or any Restricted Subsidiary from Unrestricted Subsidiaries;
 - (v) the aggregate net cash proceeds and fair market value of property received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Capital Stock to the extent it remains Disqualified Capital Stock) or other capital contributions subsequent to February 16, 2005 (other than net cash proceeds or property (x) received from an issuance or sale of such Capital Stock to a Subsidiary of the Issuer or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan, option plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary or (y) applied for the purposes of clause (1) of paragraph (b)

below); and

- (vi) aggregate net cash proceeds received by the Issuer from the issue or sale since February 16, 2005 of debt securities that have been converted into Capital Stock (other than Disqualified Capital Stock to the extent it remains Disqualified Capital Stock) of the Issuer.

S-24

Table of Contents

- (b) The provisions of the foregoing paragraph (a) will not prohibit any of the following:
- (1) the defeasance, redemption or repurchase of (x) Subordinated Indebtedness of the Issuer properly Incurred under the Indenture with the net cash proceeds from an Incurrence of Permitted Refinancing Indebtedness or the substantially concurrent sale (other than to a Subsidiary of the Issuer) of Capital Stock of the Issuer or (y) Convertible Preferred Stock or other Capital Stock of the Issuer with the Net Cash Proceeds from the substantially concurrent sale (other than to a Subsidiary of the Issuer) of Capital Stock of the Issuer (other than Disqualified Capital Stock);
 - (2) the making by the Issuer of regularly scheduled payments in respect of any Subordinated Indebtedness of the Issuer properly Incurred under the Indenture in accordance with the terms of, and only to the extent required by, and subject to the subordination provisions contained in, any agreement pursuant to which such Subordinated Indebtedness was issued;
 - (3) the making by the Issuer and its Restricted Subsidiaries of Permitted Acquisitions;
 - (4) the making by the Issuer of regularly scheduled dividend payments in respect of 6³/₄% Cumulative Convertible Preferred Stock of the Issuer in accordance with the terms thereof;
 - (5) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant;
 - (6) the repurchase or other acquisition of shares of, or options to purchase shares of, common stock of the Issuer or any of its Subsidiaries; *provided, however*, that the aggregate amount of such repurchases shall not exceed \$10 million in any calendar year;
 - (7) the issuance of common stock of the Issuer to officers, directors and employees as part of compensation arrangements;
 - (8) the making by the Issuer and its Restricted Subsidiaries of other Restricted Payments not to exceed \$25 million in the aggregate since February 16, 2005;
 - (9) the defeasance, redemption or repurchase of the CBT Notes or any Permitted Refinancing Indebtedness related thereto.

As of June 30, 2009, the Issuer had approximately \$800.0 million of availability pursuant to clause (a) of this covenant.

Dividend and Other Payment Restrictions Affecting Subsidiaries. The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions to the Issuer with respect to any Capital Stock of such Restricted Subsidiary or any other interest or participation in, or measured by, such Restricted Subsidiary's profits, or pay any Indebtedness or other obligations owed to the Issuer or the Issuer's other Restricted Subsidiaries;
- (2) make loans or advances to the Issuer or the Issuer's other Restricted Subsidiaries; or

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- (3) transfer any of such Restricted Subsidiary's property or assets to the Issuer or the Issuer's other Restricted Subsidiaries, except, in each case, for such encumbrances or restrictions existing under or by reason of:
- (A) existing Indebtedness and agreements as in effect at or entered into on the Closing Date;
 - (B) the Credit Agreement as in effect as of the Closing Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or Refinancings thereof permitted under the Indenture, *provided, however*, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or Refinancings are not materially more restrictive with respect to such provisions than those contained in the Credit Agreement on the Closing Date;

S-25

Table of Contents

- (C) the Indenture and the Notes;
- (D) Applicable Law;
- (E) any encumbrance or restriction
 - (i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or
 - (ii) contained in security agreements securing Indebtedness of the Issuer or a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements;
- (F) capital leases or purchase money obligations for property acquired in the Ordinary Course of Business that impose restrictions of the nature described in clause (E) above on the property so acquired;
- (G) Permitted Refinancing Indebtedness; *provided, however*, that such restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive than those contained in the agreements governing the Indebtedness being Refinanced;
- (H) any instrument governing Indebtedness, Capital Stock or assets of a Person acquired by the Issuer or any of the Issuer's Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such instrument was created or such Indebtedness was Incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be Incurred;
- (I) Secured Indebtedness otherwise permitted to be Incurred pursuant to the Indenture that limits the right of the debtor thereunder to dispose of the assets securing such Indebtedness;
- (J) contracts for the sale of assets, including without limitation customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into or the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;
- (K) restrictions on deposits or minimum net worth requirements imposed by customers under contracts entered into in the Ordinary Course of Business;
- (L) customary provisions in joint venture agreements and customary provisions in licenses and leases and other similar agreements entered into in the Ordinary Course of Business;
- (M) any encumbrance or restriction contained in an agreement evidencing Indebtedness of a Restricted Subsidiary permitted to be Incurred subsequent to the Closing Date pursuant to the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ;
- (N)

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any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (A) through (M) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

- (O) any encumbrance or restriction in any agreement or instrument of a Receivables Subsidiary governing or in connection with a Qualified Receivables Transaction.

S-26

Table of Contents

Asset Dispositions. (a) The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition (*provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries as a whole is governed by the provisions described under *Merger and Consolidation* herein and not by the provisions of this covenant) unless:

- (1) the consideration received is at least equal to the fair market value of such assets (except as the result of (x) any foreclosure or sale by the lenders under the Credit Agreement or (y) Net Proceeds received from an insurer or a Governmental Authority, as the case may be, in the event of loss, damage, destruction or condemnation); and
- (2) in the case of Asset Dispositions that are not Permitted Asset Swaps, at least 75% of the consideration thereof received by the Issuer or such Restricted Subsidiary is in the form of cash and Cash Equivalents.

For the purposes of this covenant, the following are deemed to be cash:

any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet) of the Issuer or any Restricted Subsidiary that are assumed by the transferee of any such assets pursuant to any arrangement releasing the Issuer or such Restricted Subsidiary from further liability; and

any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 90 days after the Asset Disposition (to the extent of the cash received).

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Disposition, the Issuer or the Restricted Subsidiary making such Asset Disposition, as the case may be, may, at its option, apply such Net Proceeds (i) to permanently reduce Indebtedness Incurred by the Issuer under the Credit Agreement or any Indebtedness of the Restricted Subsidiaries of the Issuer which are not Note Guarantors, or to purchase the Notes (with the consent of the Holders thereof to the extent required) or Indebtedness ranking *pari passu* with the Notes (and to correspondingly reduce commitments with respect thereto, to the extent applicable) or (ii) to the acquisition of a controlling interest in another business, the making of Capital Expenditures or the investment in or acquisition of other long-term assets, in each case, in the same or a similar line of business as the Issuer and its Subsidiaries engaged in at the time such assets were sold or in a business reasonably related, complementing or ancillary thereto or a reasonable expansion thereof. Pending the final application of any such Net Proceeds, the Issuer may temporarily reduce revolving credit Indebtedness under the Credit Agreement or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Dispositions that are not applied or invested as provided in the first sentence of this paragraph shall be deemed to constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds \$25 million, the Issuer shall make an offer (an *Asset Sale Offer*) to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the outstanding principal amount thereof, plus accrued and unpaid interest, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture; *provided, however*, that if the Issuer elects (or is required by the terms of any other Indebtedness (other than Subordinated Indebtedness or Disqualified Capital Stock) of the Issuer), such *Asset Sale Offer* may be made ratably to purchase the Notes and other Indebtedness (other than Subordinated Indebtedness or Disqualified Capital Stock) of the Issuer. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

(c) The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

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Transactions with Affiliates. (a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange

S-27

Table of Contents

of any property or the rendering of any management, consulting, investment banking, advisory, or other services) with any Affiliate of the Issuer (each an Affiliate Transaction) except:

- (1) the performance of any agreements as in effect as of the Closing Date or the consummation of any transaction contemplated thereby (including pursuant to any amendment thereto as long as any such amendment is not disadvantageous to the Holders of the Notes in any material respect);
- (2) transactions (i) the terms which are not materially less favorable to the Issuer or such Restricted Subsidiary than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate of the Issuer and (ii) with respect to which the Issuer delivers to the Trustee (A) with respect to any Affiliate Transaction involving aggregate consideration in excess of \$25 million, a resolution of the Board of Directors of the Issuer set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer, and (B) with respect to any Affiliate Transaction or series of Affiliate Transactions involving in excess of \$50 million, an opinion as to the fairness of such Affiliate Transaction to the Issuer from a financial point of view issued by an Independent Qualified Party;
- (3) payment of customary compensation to officers, employees, consultants and investment bankers for services actually rendered to the Issuer or such Restricted Subsidiary, including indemnity;
- (4) payment of directors' fees plus expenses and customary indemnification of directors;
- (5) the payment of the fees, expenses and other amounts payable by the Issuer and its Restricted Subsidiaries in connection with the offering of the Notes;
- (6) Restricted Payments permitted by the covenant described under Certain Covenants Restricted Payments and Permitted Investments;
- (7) transactions (x) between or among the Issuer and its Restricted Subsidiaries, (y) between and among the Restricted Subsidiaries and (z) between or among the Issuer and/or its Subsidiaries pursuant to a Centralized Cash Management System;
- (8) any licensing agreement or similar agreement entered into in the Ordinary Course of Business relating to the use of technology or intellectual property between any of the Issuer and its Subsidiaries, on the one hand, and any company or other Person which is an Affiliate of the Issuer or its subsidiaries by virtue of the fact that Person has made an Investment in or owns any Capital Stock of such company or other Person which are fair to the Issuer or its Restricted Subsidiaries, in the reasonable determination of the Board of Directors, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;
- (9) the issuance of payments, awards or grants, in cash or otherwise, pursuant to, or the funding of, employment arrangements approved by the Board of Directors of the Issuer in good faith and customary loans and advances to employees of the Issuer, or any Restricted Subsidiary of the Issuer to the extent otherwise permitted in the Indenture;
- (10) transactions permitted under the indenture governing the 7% Notes, the 7¹/₄% Notes or 8³/₈% Notes; and
- (11) sales, contributions, conveyances and other transfers of Receivables and related assets of the type specified in the definition of Qualified Receivables Transaction to a Receivables Subsidiary or any other similar transactions in connection with any Qualified Receivables Transaction.

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Limitation on Issuance and Sales of Capital Stock of Subsidiaries. The Issuer shall not, and shall not permit any Restricted Subsidiary to, transfer, convey, sell, issue, lease or otherwise dispose of any Capital Stock of any Restricted Subsidiary to any Person (other than to the Issuer or another Restricted Subsidiary of the Issuer), unless such transfer, conveyance, sale, lease or other disposition shall be made in accordance with the covenant described under *Certain Covenants Asset Dispositions*, including the provision of such covenant governing

S-28

Table of Contents

the application of Net Proceeds from such transfer, conveyance, sale, lease or other disposition; *provided, however*, that this covenant shall not restrict any pledge of Capital Stock of the Issuer and its Restricted Subsidiaries securing Indebtedness under the Credit Agreement or other Indebtedness permitted to be secured under the covenant described under Certain Covenants Limitation on Liens.

Limitation on Liens. The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien (other than (a) Liens securing Guarantees and Obligations Incurred pursuant to clause (7) of paragraph (b) of the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock and (b) Permitted Liens) on any asset now owned or hereafter acquired to secure any Indebtedness of the Issuer or such Restricted Subsidiary; *provided* that the Issuer or any Restricted Subsidiary may create, incur or assume Liens to secure any Indebtedness or a Guarantee thereof, so long as concurrently with the incurrence or assumption of such Lien the Issuer or such Restricted Subsidiary effectively provides that the Notes shall be secured equally and ratably with (or prior and senior to, in the case of Liens with respect to Subordinated Indebtedness) such Indebtedness, so long as such Indebtedness shall be so secured.

Commission Reports. Whether or not required by the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as the Notes are outstanding, the Issuer shall file with the Commission and provide the Trustee, Holders and prospective Holders (upon request) within 15 days after it files or is required to file them with the Commission, copies of its annual report and the information, documents and other reports that are specified in Sections 13 and 15(d) of the Exchange Act. In addition, the Issuer shall furnish to the Trustee and the Holders, promptly upon their becoming available, copies of the annual report to shareholders and any other information provided by the Issuer to its public shareholders generally. The Issuer also will comply with the other provisions of Section 314(a) of the TIA.

Future Note Guarantors. The Issuer shall cause each Restricted Subsidiary that becomes a guarantor of borrowings of the Issuer under the Credit Agreement to become a Note Guarantor, and, if applicable, to execute and deliver to the Trustee a supplemental guarantee pursuant to which such Restricted Subsidiary will guarantee payment of the Notes.

Limitation on Lines of Business. The Issuer shall not, and shall not permit any of its Subsidiaries directly or indirectly to engage in any business other than business of the type engaged in at the date hereof and any business reasonably related, complementing or ancillary thereto or a reasonable expansion thereof.

Fall Away Event. In the event of the occurrence of a Fall Away Event

(a) The covenants described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, Certain Covenants Restricted Payments, Certain Covenants Dividend and Other Payment Restrictions Affecting Subsidiaries, Certain Covenants Asset Dispositions, Certain Covenants Transactions with Affiliates, Certain Covenants Limitation on Issuance and Sales of Capital Stock of Subsidiaries, Certain Covenants Limitation on Liens, Certain Covenants Future Note Guarantors, Certain Covenants Limitation on Lines of Business and clause (3) Merger and Consolidation and the definitions relevant thereto shall each no longer be in effect for the remaining term of the Notes and any Note Guarantees then in effect shall be automatically released.

(b) From and after the date of the Fall Away Event, the Issuer will not, and will not permit any Subsidiary of the Issuer to, issue, assume or guarantee any Indebtedness of the type described in clauses (1), (2), (5), (6) (to the extent applicable to clauses (1), (2) or (5)) or (7) (to the extent applicable to clauses (1), (2), (5) or (6) (as previously limited in scope)) of the definition thereof (herein referred to as Debt) if such Debt is secured by any Lien upon any Principal Property of the Issuer or any Subsidiary of the Issuer, whether owned at the date of the Fall Away Event or thereafter acquired, without effectively securing the Notes equally and ratably with such Debt. The foregoing restriction does not apply to:

- (1) (i) Liens on any property acquired, constructed or improved after the date of the Fall Away Event (including Liens on Capital Stock) which are created or assumed within 24 months after such acquisition, construction or improvement (or within six months thereafter pursuant to a firm

S-29

Table of Contents

commitment for financing arrangements entered into within such 24 month period) to secure or provide for the payment of the purchase price or cost thereof incurred after the date of the Fall Away Event, or (ii) existing Liens on property acquired (including Liens on Capital Stock), provided such Liens shall not apply to any property (or Capital Stock) theretofore owned by the Issuer or a Subsidiary of the Issuer;

- (2) Liens existing on any property (including Liens on Capital Stock) acquired from a Person merged with or into the Issuer or a Subsidiary of the Issuer;
- (3) Liens on property (including Liens on Capital Stock) of any Person existing at the time it becomes a Subsidiary;
- (4) Liens securing Debt owed by a Subsidiary of the Issuer to the Issuer or to another Subsidiary of the Issuer;
- (5) Liens in favor of governmental bodies to secure advance or other payments pursuant to any contract or statute or to secure indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to such Liens;
- (6) Liens securing tax exempt debt of the Issuer or a Subsidiary of the Issuer;
- (7) banker's Liens and rights of offset of the holders of Indebtedness of the Issuer or Subsidiary of the Issuer on monies deposited by the Issuer or Subsidiary of the Issuer with such holders of Indebtedness in the Ordinary Course of Business of the Issuer or any such Subsidiary of the Issuer; or
- (8) Liens for extending, renewing or replacing Debt secured by any Lien referred to in the foregoing clauses (1) to (7) inclusive or in this clause or any Lien existing on the date of the Fall Away Event, *provided, however*, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

Such restriction does not apply to the issuance, assumption or guarantee by the Issuer or any Subsidiary of the Issuer of Debt secured by a Lien which would otherwise be subject to the foregoing restriction up to an aggregate amount which, together with all other secured Debt (not including secured Debt permitted under the foregoing exceptions) and the Value of Significant Sale and Leaseback Transactions existing at such time (other than Significant Sale and Leaseback Transactions the proceeds of which have been applied to the retirement of the Notes or of Funded Debt or to the purchase of other Principal Property, and other than Significant Sale and Leaseback Transactions in which the property involved would have been permitted to be subject to a Lien under clause (1) above), does not exceed 15% of Consolidated Net Tangible Assets.

(c) From and after the date of the Fall Away Event, the Issuer will not, and will not permit any Subsidiary of the Issuer to, enter into any Significant Sale and Leaseback Transactions (except for leases between the Issuer and a Subsidiary of the Issuer or between Subsidiaries of the Issuer) unless the net proceeds of such sale are at least equal to the fair market value of the subject Principal Property and:

- (1) the Issuer or such Subsidiary of the Issuer would be entitled to incur Debt secured by a Lien on the property to be leased without securing the Notes pursuant to clause (1) of clause (b) above or
- (2) the Value thereof would be an amount permitted under the last sentence of clause (b) above or

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- (3) the Issuer or any of its Subsidiaries applies an amount equal to the fair market value of such Principal Property
 - (a) to the retirement of Funded Debt of the Issuer or a Subsidiary of the Issuer or
 - (b) to the purchase of Principal Property (other than that involved in such Sale and Leaseback Transaction).

S-30

Table of Contents

(d) Notwithstanding the preceding clauses (b) and (c), any Liens incurred or Significant Sale and Leaseback Transactions entered into prior to the date of the Fall Away Event shall be deemed permitted under such clauses whether or not such Liens and Significant Sale and Leaseback Transactions would otherwise be permitted to exist.

(e) For the purposes of clauses (a), (b), (c) and (d) above, the following definitions apply:

Consolidated Net Tangible Assets means the total of all the assets appearing on the consolidated balance sheet of the Issuer and its Subsidiaries less the following: (1) current liabilities, including liabilities for indebtedness maturing more than 12 months from the date of the original creation thereof but maturing within 12 months from the date of determination; (2) reserves for depreciation and other asset valuation reserves; (3) intangible assets such as goodwill, trademarks, trade names, patents, and unamortized debt discount and expense carried as an asset on said balance sheet; and (4) appropriate adjustments on account of minority interests of other persons holding stock in any Subsidiary of the Issuer.

Fall Away Event means the Notes shall have achieved Investment Grade status and the Issuer delivers to the Trustee an Officers Certificate certifying the satisfaction of such condition.

Funded Debt means any Debt which by its terms matures at or is extendable or renewable at the sole option of the obligor without requiring the consent of the obligee to a date more than twelve months after the date of the creation of such Debt.

Investment Grade means, with respect to the Notes, a credit rating of (i) at least Baa3 (or the equivalent) by Moody's Investors Service, Inc., and (ii) at least BBB- (or the equivalent) by Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.; *provided* that neither of such rating or entities shall have announced a negative or similar outlook or announced or informed the Issuer that it is reviewing the rating of the Notes for possible downgrading of the rating thereof.

Principal Property means any asset (including Capital Stock of a Subsidiary), whether owned at the date of the Fall Away Event or thereafter acquired, having a gross book value (without deductions of any applicable depreciation reserves) on the date as of which the determination is being made of more than 2.5% of Consolidated Net Tangible Assets.

Significant Sale and Leaseback Transaction means any arrangement with any Person providing for the leasing to the Issuer or any Subsidiary of the Issuer any Principal Property (except for temporary leases for a term, including any renewal thereof, of not more than three years and except for leases between the Issuer and a Subsidiary of the Issuer or between Subsidiaries of the Issuer), which Principal Property has been or is to be sold or transferred by the Issuer or such Subsidiary of the Issuer to such Person.

Value means with respect to a Significant Sale and Leaseback Transaction, as of any particular time, the amount equal to the greater of (1) the net proceeds from the sale or transfer of the property leased pursuant to such Sale and Leaseback Transaction or (2) the fair market value in the opinion of the Board of Directors of the Issuer of such property at the time of entering into such Sale and Leaseback Transaction, in either case divided first by the number of full years of the terms of the lease and then multiplied by the number of full years of such term remaining at the time of determination, without regard to any renewal or extension options contained in the lease.

Merger and Consolidation

The Issuer will not consolidate with or merge with or into (whether or not the Issuer is the surviving entity), or directly and/or indirectly through its Subsidiaries sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties and assets of the Issuer and the Restricted Subsidiaries taken as a whole in one or more related transactions, to any other Person, unless:

- (1) the resulting, surviving or transferee Person (the Successor Company) shall be a corporation or other legal entity organized and existing under the laws of the United States of America, any State thereof or

S-31

Table of Contents

the District of Columbia and the Successor Company (if not the Issuer) shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture;

- (2) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (i) the Successor Company would be able to Incur an additional \$1.00 of Indebtedness under paragraph (a) of the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock or (ii) the Consolidated Adjusted Debt to EBITDA Ratio would be equal to or less than such ratio immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officers Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) are permitted by and comply with the Indenture.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, but the predecessor Company in the case of a conveyance, transfer or lease of all or substantially all its assets will not be released from the obligation to pay the principal of and interest on the Notes.

Notwithstanding the foregoing:

- (A) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer or any Note Guarantor and
- (B) the Issuer may merge with an Affiliate incorporated solely for the purpose of reincorporating the Issuer in another jurisdiction to realize tax or other benefits.

Defaults

Each of the following is an Event of Default:

- (1) a default in any payment of interest on any Note when due and payable, continued for 30 days,
- (2) a default in the payment of principal of any Note when due and payable at its Stated Maturity, upon required redemption or repurchase, upon declaration or otherwise,
- (3) the failure of the Issuer or any Subsidiary to comply with its obligations under the covenant described under Merger and Consolidation above,

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- (4) the failure by the Issuer or any Subsidiary to comply for 60 days after notice with any of its obligations under the covenants described under **Change of Control** (other than a failure to purchase Notes), or **Certain Covenants** above,
- (5) the failure by the Issuer or any Subsidiary to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture,
- (6) the failure by the Issuer or any Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds \$35 million or its foreign currency equivalent (the **cross acceleration provision**),
- (7) the rendering of any judgment or decree for the payment of money in excess of \$35 million or its foreign currency equivalent against the Issuer or a Subsidiary if such judgment or decree remains

S-32

Table of Contents

outstanding for a period of 60 days following such judgment and is not discharged, waived or stayed, and is not adequately covered by insurance or indemnities which have been cash collateralized (the judgment default provision), and

- (8) certain events of bankruptcy, insolvency or reorganization of the Issuer or a Significant Subsidiary (the bankruptcy provisions).

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (4) or (5) will not constitute an Event of Default until the Trustee notifies the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes notify the Issuer and the Trustee of the default and the Issuer does not cure such default within the time specified in clauses (4) or (5) hereof after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes by notice to the Issuer may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer occurs, the principal of and interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing,
- (2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy,
- (3) such Holders have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense,
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes will be given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the

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Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

S-33

Table of Contents

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 30 days after it is actually known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note (including payments pursuant to the redemption provisions of such Note), the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Issuer will be required to deliver to the Trustee, within 90 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer shall also comply with Section 314(a)(4) of the TIA.

Amendments and Waivers

Subject to certain exceptions, the Indenture or the Notes may be amended with the written consent of the Holders of a majority in principal amount of the Notes then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. However, without the consent of each Holder of an outstanding Note affected, no amendment may, among other things:

- (1) reduce the amount of Notes whose Holders must consent to an amendment,
- (2) reduce the rate of or extend the time for payment of interest on any Note,
- (3) reduce the principal of or change the Stated Maturity of any Note,
- (4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described under Optional Redemption above,
- (5) make any Note payable in money other than that stated in the Note,
- (6) impair the right of any Holder to receive payment of principal of, and interest on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes,
- (7) make any change in the amendment provisions which require each Holder's consent or in the waiver provisions,
- (8) make any change in the ranking or priority of any Note or Note Guarantee that would adversely affect the Holders, or
- (9) release, other than in accordance with the Indenture, any Note Guarantee or collateral securing the Notes.

Without the consent of any Holder, the Issuer, the Note Guarantors and the Trustee may amend the Indenture to:

- (1) cure any ambiguity, omission, defect or inconsistency,

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- (2) provide for the assumption by a successor corporation of the obligations of the Issuer under the Indenture,
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code),
- (4) add additional Guarantees with respect to the Notes,
- (5) secure the Notes,
- (6) add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer,
- (7) make any change that does not adversely affect the rights of any Holder, subject to the provisions of the Indenture,

S-34