

10-Q 1 j3904 10q.htm 10-Q

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q**☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2002

OR

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-8519

BROADWING INC.

Incorporated under the laws of the State of Ohio

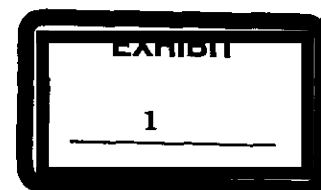
201 East Fourth Street, Cincinnati, Ohio 45202

I.R.S. Employer Identification Number 31-1056105

Telephone - Area Code 513 397-9900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

At April 30, 2002, there were 218,826,599 common shares outstanding.

TABLE OF CONTENTS**PART I. Financial Information**

Description

Item 1. Financial Statements

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)
Three Months Ended March 31, 2002 and 2001

Condensed Consolidated Balance Sheets
March 31, 2002 (Unaudited) and December 31, 2001

Condensed Consolidated Statements of Cash Flows (Unaudited)
Three Months Ended March 31, 2002 and 2001

Notes to Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition And Results of OperationsItem 3. Quantitative and Qualitative Disclosures About Market Risk**PART II. Other Information****Description**Item 1. Legal ProceedingsItem 2. Changes in Securities and Use of ProceedsItem 3. Defaults Upon Senior SecuritiesItem 4. Submission of Matters to a Vote of Security HoldersItem 5. Other InformationItem 6. Exhibits and Reports on Form 8-K

Signature

Form 10-Q Part I

Broadwing Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(\$ in Millions, Except Per Common Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2002	2001
Revenue		
Broadband	\$ 269.0	\$ 298.5
Local	209.7	205.0
Wireless	62.0	57.1
Other	19.5	18.0
Intersegment	(22.8)	(19.8)
Total revenue	537.4	558.8

Costs and Expenses

Cost of services and products (excluding depreciation of \$94.2 and \$89.0 included below)

Selling, general and administrative

Depreciation

Amortization

Restructuring

Total costs and expenses

Operating Income

Minority interest expense

Equity loss in unconsolidated entities

Interest expense

Gain on sale of investments

Other expense (income), net

Loss from continuing operations before income taxes

Income tax benefit

Loss from continuing operations

Income from discontinued operations, net of taxes of \$119.8 and \$3.5, respectively

Net Income (Loss)

Dividends and accretion applicable to preferred stock

Net Income (Loss) Applicable to Common Shareowners

264.6	272.4
125.8	142.2
115.3	99.2
6.3	28.5
16.5	9.1
<u>528.5</u>	<u>551.4</u>
8.9	7.4
14.2	12.7
—	3.3
38.3	42.4
(0.6)	(2.8)
(0.6)	0.8
<u>(42.4)</u>	<u>(49.0)</u>
<u>(8.9)</u>	<u>(8.6)</u>
<u>(33.5)</u>	<u>(40.4)</u>
217.8	6.4
<u>184.3</u>	<u>(34.0)</u>
2.6	2.6
<u>\$ 181.7</u>	<u>\$ (36.6)</u>

Net Income (Loss)

Other comprehensive income (loss), net of tax:

Unrealized gain on interest rate swaps

Unrealized loss on investments

Unrealized gain on cash flow hedges

Total other comprehensive income (loss)

Comprehensive Income (Loss)

\$ 184.3	\$ (34.0)
2.8	—
—	(86.5)
—	17.0
<u>2.8</u>	<u>(69.5)</u>
<u>\$ 187.1</u>	<u>\$ (103.5)</u>

Basic and Diluted Income (Loss) Per Common Share

Loss from continuing operations applicable to common shareowners

Income from discontinued operations, net of taxes

Net Income (Loss)

\$ (0.17)	\$ (0.20)
1.00	0.03
<u>\$ 0.83</u>	<u>\$ (0.17)</u>

Weighted Average Common Shares Outstanding (millions)

Basic and Diluted

218.2 216.4

The accompanying notes are an integral part of the financial statements.

1

CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in Millions, Except Per Share Amounts)

	(Unaudited) March 31, 2002	December 31, 2001
Assets		
Current assets		
Cash and cash equivalents	\$ 24.9	\$ 30.0
Short-term investments	—	22.7
Receivables, net of allowances of \$37.0 and \$36.4	314.5	310.9
Materials and supplies	40.4	39.7
Deferred income tax benefits	17.2	16.7
Prepaid expenses and other current assets	25.9	30.0
Assets of discontinued operations	—	21.4
Total current assets		

	422.9	471.4
Property, plant and equipment, net of accumulated depreciation of \$2,179.7 and \$2,080.4	2,993.8	3,059.3
Goodwill	2,052.7	2,048.6
Other intangibles, net	383.7	396.3
Investments in other entities	19.8	16.3
Deferred income tax benefits	122.4	227.9
Other noncurrent assets	100.4	92.2
Total assets	<u>\$ 6,095.7</u>	<u>\$ 6,312.0</u>

Liabilities and Shareowners' Equity

Current liabilities		
Short-term debt	\$ 36.2	\$ 150.0
Accounts payable	138.5	189.9
Current portion of unearned revenue and customer deposits	178.0	178.3
Accrued taxes	110.8	110.9
Other current liabilities	244.8	281.2
Liabilities of discontinued operations	—	11.9
Total current liabilities	<u>708.3</u>	<u>922.2</u>
Long-term debt, less current portion	2,538.0	2,702.0
Unearned revenue, less current portion	391.9	415.9
Other noncurrent liabilities	<u>153.6</u>	<u>157.8</u>
Total liabilities	3,791.8	4,197.9
Minority interest	437.6	435.7
Commitments and contingencies	—	—
Shareowners' Equity		
6¾% Cumulative Convertible Preferred Stock, \$.01 par value, 5,000,000 shares authorized, 3,105,000 depository shares issued and outstanding at March 31, 2002 and December 31, 2001	129.4	129.4
Common shares, \$.01 par value; 480,000,000 shares authorized; 225,994,397 and 225,873,352 shares issued; 218,188,597 and 218,067,552 outstanding at March 31, 2002 and December 31, 2001	2.3	2.3
Additional paid-in capital	2,366.5	2,365.8
Accumulated deficit	(478.9)	(663.3)
Accumulated other comprehensive loss	(7.9)	(10.7)
Common shares in treasury, at cost: 7,805,800 shares at March 31, 2002 and December 31, 2001	<u>(145.1)</u>	<u>(145.1)</u>
Total shareowners' equity	<u>1,866.3</u>	<u>1,678.4</u>
Total liabilities and shareowners' equity	<u>\$ 6,095.7</u>	<u>\$ 6,312.0</u>

The accompanying notes are an integral part of the financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in Millions)
(Unaudited)

	Three Months Ended March 31,	
	2002	2001
Cash Flows from Operating Activities		
Net income (loss)	\$ 184.3	\$ (34.0)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Gain from sale of discontinued operations	(328.3)	—
Depreciation	115.3	99.2
Amortization	6.3	28.5
Provision for loss on receivables	14.9	32.2
Noncash interest expense	10.0	9.1
Minority interest expense	14.2	12.7
Equity loss in unconsolidated entities	—	3.3
Gain on sale of investments	(0.6)	(2.8)
Deferred income tax benefit	(1.9)	(20.6)
Tax benefits from employee stock option plans	0.7	15.7
Other, net	—	2.4
Changes in operating assets and liabilities:		
Increase in receivables	(18.8)	(65.6)
Decrease (increase) in prepaid expenses and other current assets	3.3	(1.0)
(Decrease) increase in accounts payable	(51.4)	0.6
Increase (decrease) in accrued and other current liabilities	74.0	(0.4)
Decrease in unearned revenue	(30.4)	(14.0)
Decrease (increase) in other assets and liabilities, net	0.3	(10.4)
Net cash provided by discontinued operations	(9.3)	(9.9)
Net cash provided by (used in) operating activities	(17.4)	45.0
Cash Flows from Investing Activities		
Capital expenditures	(52.7)	(198.4)
Proceeds from sale of investments	23.3	24.8
Proceeds from sale of discontinued operations	345.0	—
Purchases of investments	—	(0.3)
Net cash provided by (used in) investing activities	315.6	(173.9)
Cash Flows from Financing Activities		
Issuance of long-term debt	52.0	91.0
Repayment of long-term debt	(336.2)	(5.1)
Short-term borrowings (repayments), net	(1.7)	44.4
Debt issuance costs	(2.8)	—
Issuance of common shares - exercise of stock options	0.4	9.9
Minority interest and preferred stock dividends paid	(15.0)	(15.0)
Net cash (used in) provided by financing activities	(303.3)	125.2
Net decrease in cash and cash equivalents	(5.1)	(3.7)
Cash and cash equivalents at beginning of period	30.0	37.9
Cash and cash equivalents at end of period	\$ 24.9	\$ 34.2

The accompanying notes are an integral part of the financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. **Basis of Presentation and Accounting Policies**

Basis of Presentation — The Condensed Consolidated Financial Statements of Broadwing Inc. (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for each period presented.

All adjustments are of a normal and recurring nature except for those outlined in Notes 2, 3 and 4 of the Notes to Condensed Consolidated Financial Statements. Certain prior year amounts have been reclassified to conform to the current classifications with no effect on financial results. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations.

The December 31, 2001 Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. It is suggested that these Condensed Consolidated Financial Statements be read in conjunction with the notes thereto included in the Company's 2001 Annual Report on Form 10-K.

Use of Estimates — Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Revenue Recognition — The Company modified its revenue recognition policies on January 1, 2000, to be in conformity with the SEC's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). Accordingly, service activation revenue is deferred and recognized over the appropriate service life for the associated service. Local, wireless and broadband transport service revenue is billed monthly, in advance, with revenue being recognized when earned. Revenue from product sales is generally recognized upon performance of contractual obligations, such as shipment, delivery, installation or customer acceptance.

Indefeasible right-of-use agreements, or "IRUs", represent the lease of network capacity or dark fiber and are recorded as unearned revenue at the earlier of the acceptance of the applicable portion of the network by the customer or the receipt of cash. The buyer of IRU services typically pays cash upon execution of the contract, and the associated IRU revenue is then recognized over the life of the agreement as services are provided, beginning on the date of customer acceptance. IRU and related maintenance revenue are included in the broadband transport category of the Broadband segment.

Construction revenue and estimated profits are recognized according to the percentage of completion method on a cost incurred to total costs estimated at completion basis. The method is used as the Company can make reasonably dependable estimates of revenue and costs applicable to various stages of a contract. As the financial reporting of these contracts depends on estimates that are continually assessed throughout the terms of the contracts, revenue recognized is subject to revision as the contract nears completion. Revisions in estimates are reflected in the period in which the facts that give rise to the revision become known. Construction projects are considered substantially complete upon customer acceptance.

Unbilled Receivables — Unbilled receivables arise from local, broadband and wireless services rendered but not yet billed in addition to network construction revenue that is recognized under the percentage-of-completion method. Network construction receivables are billable upon achievement of contractual milestones or upon completion of contracts. As of March 31, 2002 and December 31, 2001, unbilled receivables totaled \$96 million and \$95 million, respectively. Unbilled receivables of \$45 million at March 31, 2002 include both claims and signed change orders related to a construction contract expected to be collected within one year. These unbilled amounts arose from customer requested specification and design changes in fiber routes as well as recoverable costs related to weather and permitting delays. Management believes such amounts are valid and collectible receivables.

Fiber Exchange Agreements — In connection with the development of its optical network, the Company entered into various agreements to exchange fiber usage rights. The Company accounts for agreements with

other carriers to either exchange fiber asset service contracts for capacity or services by recognizing the fair value of the revenue earned and expense incurred. Exchange agreements accounted for noncash revenue and expense, in equal amounts, of approximately \$2.0 million and \$3.6 million in the first quarter of 2002 and 2001, respectively.

Income Taxes — The income tax expense (or benefit) consists of an amount for taxes currently payable and an expense (or benefit) for tax consequences deferred to future periods. To the extent the Company has recorded future tax benefits, in evaluating the amount of valuation allowance, the Company considers prior operating results, future taxable income projections, expiration of tax loss carryforwards and ongoing prudent and feasible tax planning strategies.

Pension and Postretirement Benefits — Annually, the Company calculates net periodic pension and postretirement expenses and liabilities on an actuarial basis under the provisions of Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" and Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". The key assumptions used in determining these calculations are disclosed in the Company's 2001 Annual Report on Form 10-K. The most significant of these numerous assumptions, which are reviewed annually, include the discount rate, expected long-term rate of return on plan assets and health care cost trend rates. The discount rate is selected based on current market interest rates on high-quality, fixed-rate debt securities. The expected long-term rate of return on plan assets is based on the participants benefit horizon, the mix of investments held directly by the plans and the current view of expected future returns, which is influenced by historical averages. The health care cost trend rate is based on actual claims experience and future projections of medical cost trends. A revision to these estimates would impact costs of services and products and selling, general and administrative expenses.

Recently Issued Accounting Standards — In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). This statement deals with the costs of closing facilities and removing assets. SFAS 143 requires entities to record the fair value of a legal liability for an asset retirement obligation in the period it is incurred. This cost is initially capitalized and amortized over the remaining life of the underlying asset. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as a gain or loss on disposition. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The Company is currently evaluating the impact, if any, that SFAS 143 will have on its future consolidated financial statements.

In May 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS 145"). SFAS 145 rescinds the automatic treatment of gains or losses from extinguishment of debt as extraordinary unless they meet the criteria for extraordinary items as outlined in APB Opinion No. 30, "Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." In addition, SFAS 145 requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and makes various technical corrections to existing pronouncements. SFAS 145 is effective for fiscal years beginning after May 15, 2002. The Company is currently evaluating the impact, if any, that SFAS 145 will have on its future consolidated financial statements.

2. Discontinued Operations

On March 8, 2002, the Company sold substantially all of the assets of its Cincinnati Bell Directory ("CBD") subsidiary to a group of investors for \$345 million in cash and a 2.5% equity stake in the newly formed entity. CBD published Yellow Pages directories and sold directory advertising and informational services in Cincinnati Bell Telephone's local service area. The Company recorded a gain on the sale of \$211.8 million, net of taxes, in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) under the caption "Income from discontinued operations, net of taxes."

The Condensed Consolidated Financial Statements and the Company's Other segment have been restated to reflect the disposition of CBD as a discontinued operation under Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). Accordingly, revenue, costs, expenses, assets, liabilities and cash flows of CBD have been reported as "Income from discontinued operations, net of tax," "Assets of discontinued operations," "Liabilities of discontinued operations," "Net cash provided by discontinued operations," or "Proceeds from sale of discontinued operations" for all periods presented.

6

Selected financial information for the discontinued operations is as follows:

(\$ in millions)	Three Months Ended March 31,	
	2002	2001
Revenue	\$ 15.4	\$ 19.4
Income from discontinued operations	9.3	9.9
Gain on disposition of discontinued operations	328.3	—
Income tax expense (including \$116.5 expense on disposition of discontinued operations)	119.8	3.5
Income from discontinued operations, net of tax	\$ 217.8	\$ 6.4

The effective tax rates of discontinued operations were 35.5% in all periods presented.

3. Goodwill and Intangible Assets

On June 29, 2001 the FASB issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 requires cessation of the amortization of goodwill and indefinite lived intangible assets and annual impairment testing of those assets. Intangible assets that have finite useful lives will continue to be amortized. The Company adopted SFAS 142 on January 1, 2002, as required. In addition, the Company is required to test its goodwill for impairment as of January 1, 2002. The goodwill test for impairment consists of a two-step process that begins with an estimation of the fair value of a reporting unit. The first step is a screen for impairment and the second step measures the amount of impairment, if any. SFAS 142 requires an entity to complete the first step of the transitional goodwill impairment test within six months of adopting the statement. As of March 31, 2002, the Company had completed the first step of the goodwill impairment test, which indicated that goodwill was impaired as of January 1, 2002. The Company is in the process of completing the second step and expects to record an impairment charge of between \$1.2 billion and \$1.8 billion in the second quarter of 2002.

7

The following table reconciles the Company's fiscal 2001 first quarter net income, adjusted to exclude amortization of goodwill and indefinite lived intangible assets pursuant to SFAS 142, from amounts previously reported:

(\$ in millions, except per common share amounts)	Three Months Ended March 31,	
	2002	2001
Reported net loss from continuing operations	\$ (33.5)	\$ (40.4)
Add back: Goodwill amortization, net of tax	—	18.2
Add back: Assembled workforce amortization, net of tax	—	1.3
Add back: FCC License amortization, net of tax	—	0.1
Adjusted net loss from continuing operations	\$ (33.5)	\$ (20.8)

Reported net income (loss)	\$ 184.3	\$ (34.0)
Add back: Goodwill amortization, net of tax	—	18.2
Add back: Assembled workforce amortization, net of tax	—	1.3
Add back: FCC License amortization, net of tax	—	0.1
Adjusted net income (loss)	<u>\$ 184.3</u>	<u>\$ (14.4)</u>

Basic and diluted income (loss) per common share from continuing operations

Reported net loss from continuing operations	\$ (0.17)	\$ (0.20)
Add back: Goodwill amortization	—	0.08
Add back: Assembled workforce amortization	—	0.01
Add back: FCC License amortization	—	—
Adjusted net loss from continuing operations	<u>\$ (0.17)</u>	<u>\$ (0.11)</u>

Basic and diluted income (loss) per common share

Reported net income (loss)	\$ 0.83	\$ (0.17)
Add back: Goodwill amortization	—	0.08
Add back: Assembled workforce amortization	—	0.01
Add back: FCC License amortization	—	—
Adjusted net income (loss)	<u>\$ 0.83</u>	<u>\$ (0.08)</u>

8

The following table shows the components of the carrying amount of intangible assets. Indefinite-lived intangible assets relate primarily to FCC licenses. Intangible assets subject to amortization expense relate primarily to customer relationships acquired in connection with the merger with IXC Communications in November 1999:

(\$ in millions)	March 31, 2002	December 31, 2001
Indefinite-lived intangible assets, excluding goodwill	\$ 36.7	\$ 36.4
Intangible assets subject to amortization		
Gross carrying amount	416.9	440.6
Accumulated amortization	(69.9)	(80.7)
Net carrying amount	<u>\$ 347.0</u>	<u>\$ 359.9</u>
Total other intangible assets	<u>\$ 383.7</u>	<u>\$ 396.3</u>

	Three Months Ended March 31,	
	2002	2001
Amortization expense of finite-lived other intangible assets	\$ 6.3	\$ 9.8

The estimated intangible asset amortization expense for each of the fiscal years 2002 through 2006 is \$25 million.

The following table presents a rollforward of the activity related to goodwill by segment:

(\$ in millions)	March 31, 2002				December 31, 2001			
	Broadband	Wireless	Other	Total	Broadband	Wireless	Other	Total
Goodwill balance	\$ 2,007.7	\$ 40.1	\$ 0.8	\$ 2,048.6	\$ 2,007.7	\$ 40.1	\$ 0.8	\$ 2,048.6
Reclassification of Assembled Workforce	4.1	—	—	4.1	—	—	—	—
Total	\$ 2,011.8	\$ 40.1	\$ 0.8	\$ 2,052.7	\$ 2,007.7	\$ 40.1	\$ 0.8	\$ 2,048.6

9

4. Restructuring and Other Charges

November 2001 Restructuring Plan

In November 2001, the Company's management approved restructuring plans which included initiatives to consolidate data centers, reduce the Company's expense structure, exit the network construction business, eliminate other nonstrategic operations and merge the digital subscriber line ("DSL") and certain dial-up Internet operations into the Company's other operations. Total restructuring and impairment costs of \$232.3 million were recorded in 2001 related to these initiatives. The \$232.3 million consisted of restructuring liabilities in the amount of \$84.2 million and related noncash asset impairments in the amount of \$148.1 million. The restructuring charge was comprised of \$21.4 million related to involuntary employee separation benefits, \$62.5 million related to lease and other contractual terminations and \$0.3 million relating to other restructuring charges.

During the first quarter of 2002, the Company recorded additional restructuring charges of \$16.5 million resulting from employee separation benefits and costs to terminate contractual obligations, which were actions contemplated in the original plan for which an amount could not be reasonably estimated at that time. In total, the Company expects this restructuring plan to result in cash outlays of \$95.7 million and noncash items of \$153.1 million. The Company expects to complete the plan by December 31, 2002, except for lease obligations, which are expected to continue through December 31, 2004.

The restructuring costs include the cost of involuntary employee separation benefits, including severance, medical and other benefits, related to 895 employees across all areas of the Company. As of March 31, 2002, 794 employee separations had been completed which utilized reserves of \$19.8 million, \$15.9 million of which was cash. Total cash expenditures in the first quarter of 2002 amounted to \$36.5 million.

The following table illustrates the activity in this reserve since December 31, 2001:

Type of costs (\$ in millions)	Balance December 31, 2001	Utilizations	Adjustments	Balance March 31, 2002
Employee separations	\$ 13.6	\$ (12.0)	\$ 1.0	\$ 2.6
Terminate contractual obligations	60.1	(25.4)	15.4	50.1
Other exit costs	0.3	(0.1)	0.1	0.3
Total	\$ 74.0	\$ (37.5)	\$ 16.5	\$ 53.0

10

February 2001 Restructuring Plan

In February 2001, the Company initiated a reorganization of the activities of several of its Cincinnati-based subsidiaries, including Cincinnati Bell Telephone ("CBT"), Cincinnati Bell Any Distance ("CBAD"), Cincinnati Bell Wireless LLC ("CBW"), and Cincinnati Bell Public Communications ("Public") in order to create one centralized "Cincinnati Bell" presence for its customers. Total restructuring costs of \$9.4 million

were recorded in the first quarter and consisted of \$2.5 million related to lease terminations and \$6.9 million related to involuntary employee separation benefits (including severance, medical insurance and other benefits) for 114 employees. Of the total charge, \$0.4 million in contractual terminations were related to CBD, which is presented as a discontinued operation. The severance payments are expected to be substantially complete by June 30, 2002. The lease terminations are expected to be complete by December 31, 2004. In total, the Company expects this restructuring plan to result in cash outlays of \$8.5 million and non-cash items of \$0.9 million. Total cash expenditures in the first quarter of 2002 amounted to \$0.1 million.

The following table illustrates the activity in this reserve since December 31, 2001:

Type of costs (\$ in millions)	Balance December 31, 2001	Utilizations	Adjustments	Balance March 31, 2002
Employee separations	\$ 0.7	\$ (0.1)	\$ —	\$ 0.6
Terminate contractual obligations	2.2	—	—	2.2
Total	\$ 2.9	\$ (0.1)	\$ —	\$ 2.8

1999 Restructuring Plan

In December 1999, the Company's management approved restructuring plans, which included initiatives to integrate operations of the Company and Broadwing Communications, improve service delivery, and reduce the Company's expense structure. Total restructuring costs and impairments of \$18.6 million were recorded in 1999 related to these initiatives. The \$18.6 million consisted of \$7.7 million relating to Broadwing Communications (recorded as a component of the purchase price allocation) and \$10.9 million relating to the Company (recorded as a cost of operations). The \$10.9 million relating to the Company consisted of restructuring and other liabilities in the amount of \$9.5 million and related asset impairments in the amount of \$1.4 million.

The restructuring costs accrued in 1999 included the costs of involuntary employee separation benefits related to 347 employees (263 Broadwing Communications employees and 84 employees from other subsidiaries of the Company). As of March 31, 2001, all employee separations had been completed for a total cash expenditure of \$9.1 million. Employee separation benefits include severance, medical and other benefits, and primarily affect customer support, infrastructure, and the Company's long-distance operations. The restructuring plans also included costs associated with the closure of a variety of technical and customer support facilities, the decommissioning of certain switching equipment, and the termination of contracts with vendors.

11

The following table illustrates activity in this reserve since December 31, 2001:

Type of costs (\$ in millions)	Balance December 31, 2001	Utilizations	Adjustments	Balance March 31, 2002
Facility closure costs	\$ 1.3	\$ (0.3)	\$ —	\$ 1.0

Total cash expenditures during the first quarter of 2002 amounted to \$0.3 million. Management believes that the remaining balance of \$1.0 million at March 31, 2002 is adequate to complete the 1999 restructuring plan and that substantially all of the related actions will be completed by June 30, 2002.

5. Debt

The Company's debt consists of the following:

(\$ in millions)	March 31, 2002	December 31, 2001
Short-term debt:		
Capital lease obligations	\$ 11.3	\$ 11.2
Bank notes, current portion	4.9	118.8
Current maturities of long-term debt	20.0	20.0
Total short-term debt	\$ 36.2	\$ 150.0
Long-term debt:		
Bank notes, less current portion	\$ 1,657.9	\$ 1,828.2
9.0% Senior subordinated notes	46.0	46.0
6¾% Convertible subordinated debentures	478.4	470.5
Various Cincinnati Bell Telephone notes, less current portion	269.5	269.5
7¼% Senior secured notes	49.5	49.5
Capital lease obligations, less current portion	35.9	37.5
Other	0.8	0.8
Total long-term debt	\$ 2,538.0	\$ 2,702.0

Bank Notes

In November 1999, the Company obtained a \$1.8 billion credit facility from a group of lending institutions. This credit facility was increased to \$2.1 billion in January 2000 and subsequently increased to \$2.3 billion in June 2001. Total availability under this credit facility decreased to \$1.93 billion in the first quarter of 2002 following a \$335 million prepayment of the outstanding term debt facilities (resulting from the sale of substantially all of the assets of CBD) and \$35 million in scheduled amortization of the credit facility. This credit facility now consists of \$866 million in revolving credit, maturing in various amounts between 2002 and 2004, and \$571 million in term loans from banking institutions and \$493 million from non-banking institutions, maturing in various amounts between 2002 and 2007.

12

At March 31, 2002, the Company had drawn approximately \$1.663 billion from the remaining credit facility capacity of \$1.93 billion, and had outstanding letters of credit totaling \$4 million, leaving \$263 million in additional borrowing capacity under this facility. These borrowings have been used by the Company to refinance its existing debt and debt assumed as part of the merger with IXC Communications Inc. ("IXC") in November 1999 and to fund its capital expenditure program and other working capital needs. The amount refinanced included approximately \$404 million borrowed in order to redeem the outstanding 9% Senior Subordinated Notes assumed during the merger as part of a tender offer. This tender offer was required under the terms of the bond indenture due to the change in control provision.

The facility's financial covenants require that the Company maintain certain debt to EBITDA, senior secured debt to EBITDA, debt to capitalization, and interest coverage ratios. The facility also contains covenants, which, among other things, restrict the Company's ability to incur additional debt or liens; pay dividends; repurchase Company common stock; sell, lease, transfer or dispose of assets; make investments; and merge with another company. In December 2001, the Company obtained an amendment to its credit facility to exclude substantially all of the charges associated with the November 2001 Restructuring Plan (described in Note 4) from the covenant calculations. In March 2002, the Company obtained an additional amendment to allow for the sale of substantially all of the assets of CBD, exclude charges related to SFAS 142, increase its ability to incur additional indebtedness and amend certain defined terms.

The interest rates that could be charged on borrowings from this credit facility as of March 31, 2002 ranged from 100 to 275 basis points above the London Interbank Offering Rate ("LIBOR") and were at 225 to 275 basis points above LIBOR, or 5.58% to 6.08%, respectively based on the Company's credit rating. The Company will incur commitment fees in association with this credit facility ranging from 37.5 basis points to 75 basis points, applied to the unused amount of borrowings of the facility.

9% Senior Subordinated Notes

In 1998, the former IXC (now Broadwing Communications) issued \$450 million of 9% senior subordinated notes due 2008 ("the 9% notes"). The 9% notes are general unsecured obligations and are subordinate in right of payment to all existing and future senior indebtedness of the Company's subsidiaries. The 9% notes indenture includes a limitation on the amount of indebtedness that Broadwing Communications can incur based upon the maintenance of either debt to operating cash flow or debt to capital ratios. The 9% indenture also provides that if Broadwing Communications incurs any additional indebtedness secured by liens on its property or assets that are subordinate to or equal in right of payment with the 9% notes, then Broadwing Communications must secure the outstanding 9% notes equally and ratably with such indebtedness. As of March 31, 2002, Broadwing Communications had the ability to incur additional debt.

In January 2000, \$404 million of these 9% notes were redeemed through a tender offer as a result of the change of control provision of the related indenture. Accordingly, \$46 million of the 9% notes remain outstanding at March 31, 2002.

13

6¾% Convertible Notes

In July 1999, the Company issued \$400 million of 10-year, convertible subordinated debentures to Oak Hill Capital Partners, L.P. These notes are convertible into common stock of the Company at a price of \$29.89 per common share at the option of the holder. For as long as this debt is outstanding, these notes bear a coupon rate of 6¾% per annum, with the associated interest expense being added to the debt principal amount through June 2004. Interest payments for the remaining five years will then be paid in cash. Through March 31, 2002 and since inception, the Company has recorded \$78.4 million in cumulative, noncash interest expense and has adjusted the carrying amount of the debt accordingly. The Company incurred \$7.9 million of noncash interest expense related to these notes in the first quarter of 2002.

Cincinnati Bell Telephone Notes

CBT has \$290 million in corporate bonds outstanding that are guaranteed by its parent company, Broadwing Inc. Of this amount, \$269.5 million (\$270 million face amount, net of unamortized discount of \$0.5 million) was considered long-term indebtedness. These bonds, which are not guaranteed by other subsidiaries of Broadwing Inc., have original maturities of 30 to 40 years mature at various intervals between 2002 and 2028. The bonds were issued at various dates between 1962 and 1998. Interest rates on this indebtedness range from 4.375% to 7.27%. These bonds also contain a covenant that provides that if CBT incurs certain liens on its property or assets, CBT must secure the outstanding bonds equally and ratably with the indebtedness or obligations secured by such liens.

7¼% Senior Secured Notes

In 1993, the Company issued \$50 million of 7¼% senior secured notes due 2023 (the "7¼% notes"). The indenture related to these 7¼% notes does not subject the Company to restrictive financial covenants. However, the 7¼% notes do contain a covenant that provides that if the Company incurs certain liens on its property or assets, the Company must secure the outstanding bonds equally and ratably with the indebtedness or obligations secured by such liens. As of March 31, 2002, \$49.5 million (\$50 million face amount, net of unamortized discount of \$0.5 million) of the 7¼% notes remain outstanding.

Capital Lease Obligations

The Company leases facilities and equipment used in its operations, some of which are required to be capitalized in accordance with Statement of Financial Accounting Standard No. 13, "Accounting for Leases" ("SFAS 13"). SFAS 13 requires the capitalization of leases meeting certain criteria, with the related asset being recorded in property, plant and equipment and an offsetting amount recorded as a liability. The Company had \$47.2 million in total indebtedness relating to capitalized leases as of March 31, 2002, \$35.9

million of which was considered long-term.

Other

As of March 31, 2002, Broadwing Communications had outstanding \$0.8 million of 12½% senior notes maturing in 2005 with an original indebtedness of \$285.0 million. These notes were largely eliminated through a tender offer in 1998.

14

6. Financial Instruments

The Company adopted SFAS 133 on January 1, 2001. SFAS 133 requires that all derivative instruments be recognized on the balance sheet at fair value. Fair values are determined based on quoted market prices of comparable instruments, if available, or on pricing models using current assumptions. On the date the financial instrument is entered into, the Company designates it as either a fair value or cash flow hedge.

Upon adoption of SFAS 133 on January 1, 2001, offsetting transition adjustments related to the PSINet forward sale and the underlying six million shares of PSINet were reclassified from other comprehensive income to net income. Accordingly, there was no net cumulative effect adjustment to either net income or other comprehensive income related to these items.

As of March 31, 2002, the Company's derivative contracts have been determined to be highly effective cash flow hedges. In accordance with SFAS 133, unrealized gains and losses of highly effective cash flow hedges are recorded in other comprehensive income until the underlying transaction is executed.

Interest Rate Contracts

From time to time the Company enters into interest rate swap agreements with the intent of managing its exposure to interest rate risk. Interest rate swap agreements are contractual agreements between two parties for the exchange of interest payment streams on a notional principal amount and an agreed upon fixed or floating rate, for a defined time period. These agreements are hedges against debt obligations related to the Company's credit facility. Realized gains and losses from the interest rate swaps are recognized as an adjustment to interest expense each period. The interest rate swap agreements currently in place expire during 2002 and 2003. At March 31, 2002, the interest rate swaps on notional amounts of \$490 million were a liability with a fair value of \$7.1 million, resulting in inception-to-date, after-tax net losses in other comprehensive (loss) income ("OCI") of \$4.6 million. During the first quarter of 2002, the fair value of the interest rate swaps increased to a liability of \$7.1 million from a liability of \$11.5 million, resulting in a year-to-date, after-tax net gain in OCI of \$2.8 million.

15

7. Earnings (Loss) Per Common Share from Continuing Operations

Basic earnings (loss) per common share from continuing operations ("EPS") is based upon the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that would occur if common stock equivalents were exercised, but only to the extent that they are considered dilutive to the Company's earnings. The following table is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for earnings (loss) from continuing operations for the following periods:

(\$ and shares in millions, except per common share amounts)	Year Ended March 31	
	2002	2001
Numerator:		
Loss from continuing operations	\$ (33.5)	\$ (40.4)
Preferred stock dividends and accretion	2.6	2.6
Numerator for EPS and EPS assuming dilution — loss applicable to common shareowners	\$ (36.1)	\$ (43.0)
Denominator:		
Denominator for basic EPS — weighted average common shares outstanding	218.2	216.4
Potential dilution:		
Stock options	—	—
Stock-based compensation arrangements	—	—
Denominator for diluted EPS per common share	218.2	216.4
Basic and Diluted EPS from continuing operations	\$ (0.17)	\$ (0.20)

Because the effect of their inclusion in the EPS calculation would be anti-dilutive, approximately 0.9 million additional shares related to vested "in-the-money" stock options and restricted stock are not included in the denominator of the EPS calculation. The total number of potential additional shares outstanding related to stock options, restricted stock and the assumed conversion of the Company's 6¾% convertible preferred stock and 6¾% convertible subordinated debentures was approximately 55 million and 50 million at March 31, 2002 and 2001, respectively, if all stock options currently outstanding were exercised, restrictions on restricted stock were to lapse and all convertible securities were to convert.

16

8. Minority Interest

(\$ in millions)	March 31, 2002	December 31, 2001
Minority interest consists of:		
12½% Exchangeable Preferred Stock	\$ 417.1	\$ 417.8
Minority Interest in Cincinnati Bell Wireless held by AT&T Wireless Services Inc. ("AWS")	18.2	15.5
Other	2.3	2.4
Total	\$ 437.6	\$ 435.7

As of March 31, 2002, Broadwing Communications had approximately 395,000 shares of 12½% Junior Exchangeable Preferred Stock ("12½% Preferreds") that were carried on the Company's balance sheet at \$417.1 million. The 12½% Preferreds are mandatorily redeemable on August 15, 2009 at a price equal to their liquidation preference of \$1,000 a share, plus accrued and unpaid dividends. Through November 15, 1999, dividends on the 12½% Preferreds were being effected through additional shares of the 12½% Preferreds. On November 16, 1999, the Company converted to a cash pay option for these dividends. Dividends on the 12½% Preferreds are classified as "Minority interest expense" in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The 12½% Preferreds are being accreted from their fair market value to the redemption value. As such, the accretion of the difference between the new carrying value and the mandatory redemption value is treated as an offsetting reduction to minority interest expense over the remaining life of the preferred stock.

AWS maintains a 19.9% ownership in the Company's Cincinnati Bell Wireless LLC ("CBW") subsidiary. The balance is adjusted as a function of AWS's 19.9% share of the operating income (or loss) of CBW, with an offsetting amount being reflected in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) under the caption "Minority interest expense."

9. Business Segment Information

The Company is organized on the basis of products and services. The Company's segments are strategic business units that offer distinct products and services and are aligned with specific subsidiaries of the Company. The Company operates in the four business segments.

The Company completed the realignment of its business segments during the first quarter of 2002, as described in the Company's 2001 Annual Report on Form 10-K. The Company's web hosting operations provided by the Company's ZoomTown.com ("ZoomTown") subsidiary, previously reported in the Other segment, were merged into the Company's Broadwing Communications Inc. subsidiary and are now reported in the Broadband segment. ZoomTown's DSL and dial-up Internet operations, also previously reported in the Other segment, were merged into CBT and are now reported in the Local segment. In addition, during the first quarter of 2002, the Company sold substantially all of the assets of CBD, which was previously reported in the Other segment. Accordingly, the historical results of operations of the Broadband, Local, and Other segments have been recast to reflect the transfer and disposition of these operations.

The Broadband segment provides data and voice communication services nationwide. These services are provided over approximately 18,700 route miles of fiber-optic transmission facilities. Broadband segment revenue is generated by broadband transport through private line and indefeasible right of use

17

("IRU") agreements, Internet services utilizing technology based on Internet protocol ("IP"), and switched voice services provided to both wholesale and retail customers. The Broadband segment also offers data collocation, web hosting, information technology consulting ("IT consulting"), network construction and other services. These services are offered nationally through Broadwing Communications. As further discussed in Note 4, the Company announced its intention to exit the network construction business as part of the November 2001 restructuring. As of January 1, 2002 the web hosting operations of ZoomTown, formerly reported in the Other segment, were merged with the operations of Broadwing Communications and are now reflected in the Broadband segment the current and prior periods.

The Local segment provides local telephone service, network access, DSL and dial-up Internet access, data transport services and switched long-distance, as well as other ancillary products and services to customers in southwestern Ohio, northern Kentucky and southeastern Indiana. This market consists of approximately 2,400 square miles located within an approximately 25-mile radius of Cincinnati, Ohio. Services are provided through the Company's Cincinnati Bell Telephone ("CBT") subsidiary. As of January 1, 2002, the DSL and dial-up Internet operations of ZoomTown, formerly reported in the Other segment, were merged with the operations of CBT and are reflected in the Local segment in current and prior periods.

The Wireless segment includes the operations of the CBW subsidiary; a venture in which the Company owns 80.1% and AWS owns the remaining 19.9%. This segment provides advanced digital personal communications and sales of related communications equipment to customers in the Greater Cincinnati and Dayton, Ohio operating areas.

The Other segment combines the operations of Cincinnati Bell Any Distance ("CBAD") and Cincinnati Bell Public Communications Inc. ("Public"). CBAD resells voice long-distance service and Public provides public payphone services. During the first quarter of 2002, the Company sold substantially all of the assets of CBD, which was previously reported in the Other segment. Accordingly, the results of operations are no longer reflected in this segment for the current and prior periods.

The Company evaluates performance of its business segments based on EBITDA. EBITDA represents net income (loss) from continuing operations before interest, income tax expense (benefit), depreciation, amortization, restructuring and other charges (credits), minority interest expense (income), equity loss in unconsolidated entities, loss (gain) on investments, other expense (income), extraordinary items and the effect of changes in accounting principles. EBITDA does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss) as an indicator of the Company's operating

performance or as an alternative to cash flows as a source of liquidity, and may not be comparable with EBITDA as defined by other companies. The Company has presented certain information regarding EBITDA because the Company believes that EBITDA is generally accepted as providing useful information regarding a company's ability to service and incur debt.

18

Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense and the relative size of the segment. The Company's business segment information is as follows:

(\$ in millions)	(Unaudited) Three Months Ended March 31,	
	2002	2001
Revenue		
Broadband	\$ 269.0	\$ 298.5
Local	209.7	205.0
Wireless	62.0	57.1
Other	19.5	18.0
Intersegment	(22.8)	(19.8)
Total Revenue	\$ 537.4	\$ 558.8
Intersegment Revenue		
Broadband	\$ 15.7	\$ 11.8
Local	7.0	7.6
Wireless	0.1	0.3
Other	—	0.1
Total Intersegment Revenue	\$ 22.8	\$ 19.8
EBITDA		
Broadband	\$ 19.5	\$ 31.2
Local	106.2	103.5
Wireless	23.2	14.7
Other	(0.1)	(0.1)
Corporate	(1.8)	(5.1)
Total EBITDA	\$ 147.0	\$ 144.2
Assets (at March 31, 2002 and December 31, 2001)		
Broadband	\$ 4,918.2	\$ 4,977.8
Local	783.4	790.8
Wireless	375.6	382.8
Other	18.7	16.1
Corporate and Eliminations	(0.2)	144.5
Total Assets	\$ 6,095.7	\$ 6,312.0
Capital Additions		
Broadband	\$ 26.8	\$ 155.6
Local	17.9	32.4
Wireless	7.7	9.7
Other	0.2	0.5
Corporate and Eliminations	0.1	0.2
Total Capital Additions	\$ 52.7	\$ 198.4
Depreciation and Amortization		
Broadband	\$ 77.8	\$ 87.8
Local	35.8	33.5

Wireless	7.5	5.9
Other	0.4	0.4
Corporate and Eliminations	0.1	0.1
Total Depreciation and Amortization	<u>\$ 121.6</u>	<u>\$ 127.7</u>

10. Supplemental Guarantor Information

CBT, a wholly owned subsidiary of the Parent Company, has registered debt outstanding that is guaranteed by the Parent Company but not by other subsidiaries of the Parent Company. Substantially all of the Parent Company's income and cash flow is generated by its subsidiaries. Generally, funds necessary to meet the Parent Company's debt service obligations are provided by distributions or advances from its subsidiaries.

The following information sets forth the condensed consolidating balance sheets of the Company as of March 31, 2002 and December 31, 2001 and the condensed consolidating statements of operations (loss) and cash flows for the periods ended March 31, 2002 and 2001.

Condensed Consolidating Statements of Operations (Loss) (\$ in millions)

For the quarter ended March 31, 2002					
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Revenue	\$ —	\$ 209.7	\$ 350.5	\$ (22.8)	\$ 537.4
Operating costs and expenses	2.2	139.7	409.6	(23.0)	528.5
Operating income	(2.2)	70.0	(59.1)	0.2	8.9
Equity in earnings (loss) of subsidiaries and discontinued operations	208.7	—	—	(208.7)	—
Interest expense	32.9	5.8	17.4	(17.8)	38.3
Other expense (income), net	(5.6)	(0.6)	1.4	17.8	13.0
Income (loss) from continuing operations before income taxes	179.2	64.8	(77.9)	(208.5)	(42.4)
Income tax provision (benefit)	(5.1)	23.0	(26.8)	—	(8.9)
Income (loss) from continuing operations	184.3	41.8	(51.1)	(208.5)	(33.5)
Income from discontinued operations, net	—	—	—	217.8	217.8
Net income (loss)	<u>\$ 184.3</u>	<u>\$ 41.8</u>	<u>\$ (51.1)</u>	<u>\$ 9.3</u>	<u>\$ 184.3</u>
For the quarter ended March 31, 2001					
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Revenue	\$ —	\$ 205.0	\$ 373.6	\$ (19.8)	\$ 558.8
Operating costs and expenses	7.8	141.7	422.3	(20.4)	551.4
Operating income	(7.8)	63.3	(48.7)	0.6	7.4
Equity in earnings (loss) of subsidiaries and discontinued operations	(11.0)	—	—	11.0	—
Interest expense	44.3	5.9	24.3	(32.1)	42.4
Other expense (income), net	(19.8)	0.5	1.2	32.1	14.0
Income (loss) from continuing operations					

before income taxes	(43.3)	56.9	(74.2)	11.6	(49.0)
Income tax provision (benefit)	<u>(9.3)</u>	<u>20.3</u>	<u>(19.6)</u>	<u>—</u>	<u>(8.6)</u>
Income (loss) from continuing operations	(34.0)	36.6	(54.6)	11.6	(40.4)
Income from discontinued operations, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>6.4</u>	<u>6.4</u>
Net income (loss)	<u>\$ (34.0)</u>	<u>\$ 36.6</u>	<u>\$ (54.6)</u>	<u>\$ 18.0</u>	<u>\$ (34.0)</u>

20

Condensed Consolidating Balance Sheets
(\$ in millions)

March 31, 2002					
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Cash and cash equivalents	\$ 14.3	\$ —	\$ 10.6	\$ —	\$ 24.9
Receivables, net	0.4	90.6	223.5	—	314.5
Other current assets	8.2	48.5	24.5	2.3	83.5
Intercompany receivables — current	—	26.3	—	(26.3)	—
Assets of discontinued operations	—	—	—	—	—
Total current assets	22.9	165.4	258.6	(24.0)	422.9
Property, plant and equipment, net	2.0	603.9	2,387.9	—	2,993.8
Goodwill and other intangibles, net	1.0	—	2,435.4	—	2,436.4
Investments in subsidiaries and other entities	2,217.2	—	18.8	(2,216.2)	19.8
Other noncurrent assets	118.1	14.1	243.8	(153.2)	222.8
Intercompany receivables — noncurrent	1,825.7	—	—	(1,825.7)	—
Total assets	<u>\$ 4,186.9</u>	<u>\$ 783.4</u>	<u>\$ 5,344.5</u>	<u>\$ (4,219.1)</u>	<u>\$ 6,095.7</u>
Short-term debt	\$ 4.9	\$ 28.1	\$ 3.2	\$ —	\$ 36.2
Accounts payable	1.9	48.7	87.9	—	138.5
Other current liabilities	134.3	86.6	397.5	(84.8)	533.6
Intercompany payables — current	—	—	—	—	—
Liabilities of discontinued operations	—	—	—	—	—
Total current liabilities	141.1	163.4	488.6	(84.8)	708.3
Long-term debt, less current portion	2,091.9	303.1	143.0	—	2,538.0
Other noncurrent liabilities	87.6	60.2	462.2	(64.5)	545.5
Intercompany payables — noncurrent	—	—	1,853.8	(1,853.8)	—
Total liabilities	2,320.6	526.7	2,947.6	(2,003.1)	3,791.8
Minority interest	—	—	20.5	417.1	437.6
Mezzanine financing	—	—	417.1	(417.1)	—
Shareowners' equity	1,866.3	256.7	1,959.3	(2,216.0)	1,866.3
Total liabilities and shareowners' equity	<u>\$ 4,186.9</u>	<u>\$ 783.4</u>	<u>\$ 5,344.5</u>	<u>\$ (4,219.1)</u>	<u>\$ 6,095.7</u>
December 31, 2001					
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Cash and cash equivalents	\$ 17.3	\$ —	\$ 12.7	\$ —	\$ 30.0
Receivables, net	—	100.2	210.7	—	310.9
Other current assets	6.3	45.4	54.9	2.5	109.1
Intercompany receivables — current	—	15.3	—	(15.3)	—
Assets of discontinued operations	—	—	—	21.4	21.4
Total current assets	—	—	—	—	—

	23.6	160.9	278.3	8.6	471.4
Property, plant and equipment, net	2.1	622.2	2,435.0	—	3,059.3
Goodwill and other intangibles, net	0.7	—	2,444.2	—	2,444.9
Investments in subsidiaries and other entities	2,305.1	—	15.2	(2,304.0)	16.3
Other noncurrent assets	116.8	7.7	250.2	(54.6)	320.1
Intercompany receivables — noncurrent	1,783.0	—	—	(1,783.0)	—
Total assets	\$ 4,231.3	\$ 790.8	\$ 5,422.9	\$ (4,133.0)	\$ 6,312.0
Short-term debt	\$ 118.8	\$ 28.0	\$ 3.2	\$ —	\$ 150.0
Accounts payable	1.9	49.2	138.8	—	189.9
Other current liabilities	36.5	92.9	431.8	9.2	570.4
Intercompany payables — current	—	—	—	—	—
Liabilities of discontinued operations	—	—	—	11.9	11.9
Total current liabilities	157.2	170.1	573.8	21.1	922.2
Long-term debt, less current portion	2,306.3	304.2	91.5	—	2,702.0
Other noncurrent liabilities	89.4	62.1	484.2	(62.0)	573.7
Intercompany payables — noncurrent	—	—	1,798.4	(1,798.4)	—
Total liabilities	2,552.9	536.4	2,947.9	(1,839.3)	4,197.9
Minority interest	—	—	17.8	417.9	435.7
Mezzanine financing	—	—	417.9	(417.9)	—
Shareowners' equity	1,678.4	254.4	2,039.3	(2,293.7)	1,678.4
Total liabilities and shareowners' equity	\$ 4,231.3	\$ 790.8	\$ 5,422.9	\$ (4,133.0)	\$ 6,312.0

21

Condensed Consolidating Statements of Cash Flows
(\$ in millions)

	For the quarter ended March 31, 2002				
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Cash Flows from operating activities	\$ 94.4	\$ 69.6	\$ (63.7)	\$ (117.7)	\$ (17.4)
Capital expenditures	(0.1)	(17.9)	(34.7)	—	(52.7)
Proceeds from sale of discontinued operation	—	—	—	345.0	345.0
Other investing activities	—	—	23.3	—	23.3
Cash Flows from investing activities	(0.1)	(17.9)	(11.4)	345.0	315.6
Issuance of long-term debt/(capital contributions)	244.0	(50.6)	85.9	(227.3)	52.0
Repayment of long-term debt	(336.2)	—	—	—	(336.2)
Short-term borrowings (repayments), net	—	(1.1)	(0.6)	—	(1.7)
Issuance of common shares — exercise of stock options	0.4	—	—	—	0.4
Other financing activities	(5.5)	—	(12.3)	—	(17.8)
Cash Flows from financing activities	(97.3)	(51.7)	73.0	(227.3)	(303.3)
Increase (decrease) in cash and cash equivalents	(3.0)	—	(2.1)	—	(5.1)
Beginning cash and cash equivalents	17.3	—	12.7	—	30.0
Ending cash and cash equivalents	\$ 14.3	\$ —	\$ 10.6	\$ —	\$ 24.9

For the quarter ended March 31, 2001					
	Parent (Guarantor)	CBT	Other (Non- guarantors)	Discontinued Operations and Eliminations	Total
Cash Flows from operating activities	\$ (14.6)	\$ 87.5	\$ (40.7)	\$ 12.8	\$ 45.0
Capital expenditures	(0.2)	(32.4)	(165.8)	—	(198.4)
Proceeds from sale of discontinued operation	—	—	—	—	—
Other investing activities	—	(4.4)	28.9	—	24.5
Cash Flows from investing activities	(0.2)	(36.8)	(136.9)	—	(173.9)
Issuance of long-term debt/(capital contributions)	21.9	(51.9)	133.8	(12.8)	91.0
Repayment of long-term debt	—	—	(5.1)	—	(5.1)
Short-term borrowings (repayments), net	—	1.2	43.2	—	44.4
Issuance of common shares — exercise of stock options	9.9	—	—	—	9.9
Other financing activities	(2.6)	—	(12.4)	—	(15.0)
Cash Flows from financing activities	29.2	(50.7)	159.5	(12.8)	125.2
Increase (decrease) in cash and cash equivalents	14.4	—	(18.1)	—	(3.7)
Beginning cash and cash equivalents	5.7	—	32.2	—	37.9
Ending cash and cash equivalents	\$ 20.1	\$ —	\$ 14.1	\$ —	\$ 34.2

22

11. Commitments and Contingencies

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims and other matters. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance. However, the Company believes that the resolution of such matters for amounts in excess of those accounted for in the consolidated financial statements would not likely have a materially adverse effect on the Company's financial condition.

In 2001 and 2000, the Company's Broadwing Communications subsidiary entered into agreements with two vendors to provide bundled internet access to the Company's customers based on a monthly maintenance fee. In March 2002, Broadwing Communications terminated its contract with one of the vendors, which was an action contemplated in the original November 2001 restructuring plan for which an amount could not be reasonably estimated at that time. This contract termination reduced the Company's future commitments by approximately \$60 million. As of March 31, 2002, Broadwing Communications had committed to purchase approximately \$15 million of bundled internet access over thirty-two months from the remaining vendor. These services were previously purchased from other vendors on a usage basis.

23

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information included in this Quarterly Report on Form 10-Q contains certain forward-looking statements that involve potential risks and uncertainties. The Company's future results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed herein, and those discussed in the Form 10-K for the year ended December 31, 2001. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date thereof.

Results of Operations

A tabular presentation of the financial results for the three months ended March 31, 2002 and 2001 that are referred to in this discussion can be found in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) on page 1 of this quarterly Report on Form 10-Q. Results for interim periods may not be indicative of the results for the full years.

CONSOLIDATED OVERVIEW

Revenue

Consolidated revenue totaled \$537 million in the first quarter of 2002, which was \$21 million, or 4%, less than the same period in 2001. Construction and switched voice services were primarily responsible for the revenue decline, as the Broadband segment revenue decrease of \$30 million was only partially offset by increases in all other segments.

Broadband segment revenue of \$269 million in the first quarter of 2002 was \$30 million, or 10%, less than the comparable period in 2001. Construction revenue declined \$21 million and switched voice revenue declined \$18 million, but the declines were partially offset by a \$10 million increase in IT consulting revenue. Although year-over-year revenue declined 10%, revenue in the first quarter of 2002 declined only 1% compared to the fourth quarter of 2001 as a decrease in construction revenue was substantially offset by increases in data and Internet and IT consulting revenue.

The Local segment produced revenue totaling \$210 million, a 2% or \$5 million, increase over the first quarter of 2001. High-speed data and dial-up Internet services, value-added services such as custom calling features, equipment sales and related installation and maintenance, and the resale of broadband products contributed nearly all of the revenue growth.

The Wireless segment generated revenue of \$62 million in the first quarter of 2002, representing growth of \$5 million, or 9%, compared to the first quarter of 2001. The increase resulted primarily from a larger postpaid subscriber base.

Other segment revenue grew \$2 million during the first quarter of 2002, which was primarily the result of continued success of the Cincinnati Bell "Any Distance" offering.

Costs and Expenses

Cost of services and products of \$265 million in the first quarter of 2002 decreased \$8 million, or 3%, compared to the same period in 2001. Costs of services and products of the Broadband segment decreased \$9 million, due to lower network construction activity and a decrease in switched voice services, offset only partially by an increase in data and Internet and IT consulting costs related to increased revenue. The Local segment held costs flat as the cost of materials for equipment sales and resale of national broadband products increased along with revenue, but were offset by lower employee costs resulting from the November 2001 restructuring. The remainder of the increase in cost of services and products over 2001 was incurred by the Wireless and Other segments, each of which experienced higher costs associated with increased subscribership.

Selling, general and administrative ("SG&A") expenses of \$126 million in the first quarter of 2002 decreased \$16 million, or 12%, compared to the first quarter of 2001. The decrease was primarily due to a decline in expenses in the Broadband segment related to lower employee headcount and in the Wireless segment due to a reduction in promotional spending. These decreases were slightly offset by an increase in advertising expense for the Local segment.

Depreciation expense increased by 16%, or \$16 million, in the first quarter of 2002 compared to the first quarter of 2001. The increase was primarily driven by the Broadband segment and reflects the completion of the build out of its national optical network. The Local and Wireless segments generated the remainder of the increase as they continued to maintain and enhance their networks. Amortization expense of \$6 million in the first quarter of 2002 relates to intangible assets acquired in connection with previous acquisitions. Amortization expense decreased by \$22 million compared to the first quarter of 2001, as the Company ceased amortizing goodwill upon the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") on January 1, 2002. A pro forma presentation of amortization expense is provided in Note 3 of the Notes to Condensed Consolidated Financial

Statements.

In November 2001, the Company adopted a restructuring plan that included initiatives to consolidate data centers, reduce the expense structure, exit the network construction business, eliminate other nonstrategic operations and merge the DSL and certain dial-up Internet operations into other operations. Restructuring and impairment costs of \$232 million were recorded in the fourth quarter of 2001 related to these initiatives. An additional \$17 million in restructuring costs was incurred in the first quarter of 2002 relating to costs for employee termination benefits and termination of a contractual commitment with a vendor, which were actions contemplated in the original plan for which an amount could not be reasonably estimated at that time. Total restructuring and impairment costs of \$249 million incurred as of March 31, 2002 consisted of restructuring liabilities in the amount of \$101 million and related noncash asset impairments in the amount of \$148 million. The Company expects total cash expenditures related to the plan to be \$96 million. Through March 31, 2002, the Company had utilized \$48 million of the \$101 million restructuring reserve, of which approximately \$44 million was cash expended. The Company expects to realize approximately \$100 million in annual expense and capital expenditure savings from this restructuring plan relative to expenses incurred in 2001. The Company expects to complete the plan by December 31, 2002, except for lease obligations, which are expected to continue through December 31, 2004. A detailed presentation of restructuring and other charges is presented in Note 4 of the Notes to Condensed Consolidated Financial Statements.

In February 2001, the Company initiated a reorganization of the activities of several of its Cincinnati-based subsidiaries, including Cincinnati Bell Telephone ("CBT"), Cincinnati Bell Any Distance ("CBAD"), Cincinnati Bell Wireless LLC ("CBW") and Cincinnati Bell Public Communications ("Public") in order to create one centralized "Cincinnati Bell" presence for its customers. Total restructuring costs of \$9 million were recorded in the first quarter of 2001.

25

The severance payments are expected to be substantially complete by June 30, 2002. In total the Company expects this restructuring plan to result in cash outlays of \$8 million and noncash items of \$1 million. Through March 31, 2002, approximately \$7 million of the expenses had been incurred, of which approximately \$6 million was cash expended. The lease terminations are expected to be complete by December 31, 2004. The Company expects to realize approximately \$7 million in annual savings from this restructuring plan relative to expenses incurred in 2000.

Primarily as a result of the cost reductions implemented as part of the November 2001 restructuring plan, operating income increased by \$2 million in the first quarter of 2002 compared to the first quarter of 2001.

Minority interest expense includes dividends and accretion on the 12½% preferred stock of Broadwing Communications and the 19.9% minority interest of AT&T Wireless Services Inc. ("AWS") in the net income of the Company's CBW subsidiary. Because AWS's minority interest in the operating profits of CBW is recorded as an expense, the improved profitability of CBW drove an increase in minority interest expense of \$1 million, or 12%, to \$14 million in the first quarter of 2002 from \$13 million in the same period of 2001. A detailed discussion of minority interest is provided in Note 8 of the Notes to Condensed Consolidated Financial Statements.

The Company recorded a \$3 million equity-share loss on its Applied Theory investment in the first quarter of 2001 and no gain or loss in the first quarter of 2002. The Company discontinued use of equity method accounting during the second quarter of 2001 because its ownership percentage in Applied Theory had dropped below 20% and it no longer held a seat on Applied Theory's board of directors. As a result, the Company no longer had significant influence over the operations of Applied Theory.

Interest expense of \$38 million in the first quarter of 2002 decreased \$4 million, or 10%, compared to 2001. The decrease was the result of higher average debt levels offset by significantly lower interest rates. A detailed discussion of interest expense and indebtedness is presented in Note 5 of the Notes to Condensed Consolidated Financial Statements.

The income tax benefit of \$9 million in the first quarter of 2002 was consistent with the benefit of \$9 million in the same period of 2001 as the effective tax rate of 21% in the first quarter of 2002 was 3 points higher than the 18% effective tax rate in the first quarter of 2001 due to a decrease in nondeductible goodwill amortization upon the adoption of SFAS 142.

Income from discontinued operations reflects the net income of Cincinnati Bell Directory ("CBD") in all periods

presented. Substantially all of the assets of this business were sold on March 8, 2002 for \$345 million cash and a 2.5% equity interest in the newly formed company. Income from discontinued operations totaled \$218 million in the first quarter of 2002 compared to \$6 million in the first quarter of 2001, as the net gain from the sale of substantially all of the assets of CBD of \$212 million was recorded in 2002. The remaining income in the first quarter of 2002 was related to the operations of CBD from January 1 through March 8, 2002. A detailed discussion of discontinued operations is provided in Note 2 of the Notes to Condensed Consolidated Financial Statements.

The Company reported net income of \$184 million in the first quarter of 2002 compared to a loss of \$34 million in the same period of 2001. The earnings per share of \$0.83 were \$1.00 more than the \$0.17 loss in 2001. However both the 2002 and 2001 periods included one-time per share charges of \$0.05 and \$0.03, respectively, from restructuring initiatives, net gains on investments of \$0.00 and \$0.01, respectively, and income from discontinued operations of \$1.00 and \$0.03, respectively. Excluding these items, the Company reported a loss of \$0.12 per share in the first quarter of 2002 versus a loss of \$0.18 per share in the first quarter

26

of 2001. The increase in adjusted earnings per share of \$0.06 was primarily due to a decrease in amortization expense resulting from the adoption of SFAS 142, which contributed an additional \$0.09 per share. This was partially offset by a \$0.05 per share reduction in EPS related to higher depreciation expense resulting from completion of the Company's optical overbuild. The remaining \$0.02 per share increase was related to cost reductions, substantially resulting from the November 2001 restructuring initiative.

BROADBAND

The Broadband segment provides nationwide data and voice communications services through the Company's Broadwing Communications subsidiary. Revenue for the Broadband segment is generated by broadband transport (which includes sales of IRUs), switched voice services, data and Internet services (including web hosting), information technology consulting and network construction and other services. These services are provided over the Company's national optical network, which, as of March 31, 2002, comprised approximately 18,700 route miles of fiber-optic transmission facilities. As of January 1, 2002, the web hosting operations of the Company's ZoomTown.com ("ZoomTown") subsidiary, formerly reported in the Other segment, were merged with the operations of Broadwing Communications and are now reflected in the data and Internet product line of the Broadband segment in the current and prior periods.

Broadband transport services consist of long-haul transmission of data, voice and Internet traffic over dedicated circuits. Revenue from the broadband transport category is mainly generated by private line monthly recurring revenue. However, approximately 30% of the revenue in the first quarter of 2002 was provided by IRU agreements, which cover a fixed period of time and represent the lease of capacity or network fibers. The buyer of IRU services typically pays cash upon execution of the contract. The Company's policy and practice is to amortize these amounts into revenue over the life of the contract. Switched voice services consist of billed minutes of use, primarily for the transmission of voice long-distance services on behalf of both wholesale and retail customers. Data and Internet services consist of the sale of high-speed data transport services utilizing technology based on Internet protocol ("IP"), ATM/frame relay, data collocation and web hosting. IT consulting consists of information technology consulting services and related hardware sales. Network construction and other services consist of joint-use network construction projects.

(\$ in millions)	(Unaudited) Three Months Ended March 31,			
	2002	2001	\$ Change	% Change
Revenue				
Broadband transport	\$ 108.4	\$ 111.7	\$ (3.3)	(3)%
Switched voice services	85.8	103.9	(18.1)	(17)%
Data and Internet	32.0	28.9	3.1	11%
IT consulting	42.3	32.1	10.2	32%
Network construction and other services	0.5	21.9	(21.4)	(98)%
Total revenue	269.0	298.5	(29.5)	(10)%

Costs and Expenses:

Cost of services and products	172.2	181.2	(9.0)	(5)%
Selling, general and administrative	77.3	86.1	(8.8)	(10)%
Total costs and expenses	249.5	267.3	(17.8)	(7)%
EBITDA	\$ 19.5	\$ 31.2	\$ (11.7)	(38)%
EBITDA margin	7.2%	10.5%		(3)pts

27

Revenue

Broadband segment revenue decreased \$30 million, or 10%, to \$269 million in the first quarter of 2002 compared to the same period in 2001. Nearly all of the decrease was attributable to network construction and the continued decline of switched voice services as rates and volume fell due to intense competition. These decreases were partially offset by an increase in IT consulting revenue. The Company decided to exit the network construction business as part of the November 2001 restructuring plan.

In comparison to the first quarter of 2001, broadband transport revenue decreased \$3 million, or 3%, to \$108 million. The slight decrease is the net effect of lower dedicated optical circuit revenue as demand from emerging carriers decreased, offset by an increase in revenue from IRU amortization related to renegotiation of IRU contracts with one of the Company's customers who has filed for Chapter 11 bankruptcy protection. In order for these contracts to survive the customer's bankruptcy, the contracts were adjusted to reduce the services provided, update the operations and maintenance fees to a current market rate and shorten the lives of the agreements.

Switched voice services revenue decreased 17% compared to the first quarter of 2001, from \$104 million to \$86 million. This was the result of declining rates and volume due to intense competition. At the same time, the Company made an effort to minimize sales to less creditworthy customers in the wake of increasing bankruptcies in the wholesale segment of this market.

Data and Internet revenue increased \$3 million, or 11%, compared to the first quarter of 2001 as revenue continued to increase on the strength of demand for dedicated IP and ATM/frame relay services. These increases were partially offset by an anticipated decrease in data collocation revenue, as the Company closed eight of its eleven data centers as part of its November 2001 restructuring plan.

IT consulting revenue grew \$10 million, or 32%, during the first quarter of 2002 compared to the first quarter of 2001. Revenue from services and hardware sales comprised 20% and 80% of IT consulting revenue, respectively, in both periods presented.

Network construction and other services revenue decreased \$21 million, or 98%, compared to the first quarter of 2001 as a result of a large, joint-use construction project nearing completion. As further discussed in the Company's 2001 Form 10-K, the Company's November 2001 restructuring plan included plans to exit the network construction business upon completion of that large project. Accordingly, the Company will report the network construction business as a discontinued operation once its obligations are substantially complete, thereby reducing network construction and other services revenue in future reporting periods.

Costs and Expenses

Cost of services and products primarily reflects access charges paid to local exchange carriers and other providers, transmission lease payments to other carriers, costs incurred for network construction projects and personnel and hardware costs for IT consulting. In the first quarter of 2002, cost of services and products amounted to \$172 million, a 5% decrease from the \$181 million incurred during 2001. These decreases were driven primarily by lower broadband transport, switched voice services and network construction revenue and include cost reductions implemented as part of the November 2001 restructuring plan.

28

SG&A expenses decreased 10% to \$77 million in the first quarter of 2002 from \$86 million a year earlier. The decrease was due primarily to lower employee costs, as headcount was approximately 1,000 less than the same quarter in 2001.

EBITDA decreased in the first quarter of 2002 by \$12 million, or 38%, to \$20 million compared to the first quarter of 2001. This reduction was the result of decreasing revenue that was only partially offset by a decrease in expenses. EBITDA margin decreased three points to 7% in the first quarter of 2002 compared to the first quarter of 2001. However, compared to the fourth quarter of 2001, EBITDA increased \$11 million or 135% in the first quarter of 2002, as cost reductions from the November 2001 restructuring plan were realized.

LOCAL

The Local segment provides local telephone service, network access, data transport, DSL and dial-up Internet access, long distance and other ancillary products and services to customers in southwestern Ohio, northern Kentucky and southeastern Indiana. These services are provided by the Company's CBT subsidiary. As of January 1, 2002, the digital subscriber line ("DSL") and dial-up Internet operations of ZoomTown, formerly reported in the Other segment, were merged with the operations of CBT and are now reflected in the Local segment in the current and prior periods.

(\$ in millions)	(Unaudited) Three Months Ended March 31,			
	2002	2001	\$ Change	% Change
Revenue				
Local service	\$ 117.0	\$ 115.4	\$ 1.6	1%
Network access	51.0	51.7	(0.7)	(1)%
Other services	41.7	37.9	3.8	10%
Total revenue	209.7	205.0	4.7	2%
Costs and Expenses:				
Cost of services and products	70.4	70.7	(0.3)	n/m
Selling, general and administrative	33.1	30.8	2.3	7%
Total costs and expenses	103.5	101.5	2.0	2%
EBITDA	\$ 106.2	\$ 103.5	\$ 2.7	3%
EBITDA margin	50.6%	50.5%		n/m

Revenue

In the first quarter of 2002, revenue increased \$5 million versus 2001, or 2%, to \$210 million. High-speed data and Internet services such as DSL, value-added services such as custom calling features, equipment sales and related installation and maintenance, and the resale of broadband products contributed nearly all of the revenue growth. CBT continued to produce revenue growth by leveraging the investment in its network and through creative product bundling solutions such as its Complete Connections® offering, which allows the customer to consolidate high-speed data transport, local service, custom-calling features, Internet access, and services provided by CBW and CBAD on one monthly bill.

Local service revenue grew 1% during the quarter to \$117 million, compared to the first quarter of 2001, and contributed 34% of the total revenue growth of the segment. The revenue growth was driven by value-added services and DSL, offset partially by declining access line revenue. The Company's Complete Connections® calling service bundle added over 16,000 subscribers during the quarter, bringing total residential

subscribership to 252,000, or 37% of all residential households in CBT's operating area. Of the Complete Connections® subscribers, nearly 26,000 have chosen the most comprehensive bundle, Complete Connections Universal®. CBT continued to expand the Company's DSL high-speed data transport service with subscribership

growing to 65,000, a 42% increase over the first quarter of 2001. CBT is able to provision service across the vast majority of its local network infrastructure, as 83% of its access lines are loop-enabled for DSL transport.

Network access revenue of \$51 million decreased \$1 million, or 1%, compared to 2001 as carrier customers continued to reduce their capacity requirements and reevaluate their business models.

Other services revenue grew 10%, or \$4 million, to \$42 million in the first quarter of 2002 compared to the first quarter of 2001. The increase in this category was attributable to equipment sales and related installation and maintenance, and the resale of national broadband services. The Company's Internet access service (Fuse®) added 10,000 new subscribers during the first quarter, bringing total subscribership at the end of the quarter to approximately 110,000.

Costs and Expenses

Cost of services and products of \$70 million in 2002 were flat compared to the same period in 2001. CBT incurred increases totaling \$6 million in the quarter for the cost of materials for equipment sales and resale of national broadband products. These increases were substantially offset by a reduction in employee costs related to the November 2001 restructuring plan that merged the DSL and dial-up Internet operations of ZoomTown with CBT.

SG&A expenses increased 7%, or \$2 million to \$33 million in the first quarter of 2002 compared to the first quarter of 2001, due primarily to an increase in advertising expenses for CBT's various product offerings, including the capabilities of the national optical network in its territory.

As a result of the above, EBITDA reached \$106 million in the first quarter of 2002, a \$3 million, or 3%, increase over the same period in 2001. EBITDA margin remained steady at 51%. CBT maintained its margins, EBITDA and profitability by leveraging the investment in its telecommunications network to offer new value-added products and services without significant incremental costs. In addition, CBT offers a wide variety of telecommunications services at attractive prices with the added convenience of one customer bill. As a result, CBT has lost only 2% of access lines to competitors since 1998.

30

WIRELESS

The Wireless segment comprises the operations of Cincinnati Bell Wireless LLC ("CBW"), a venture in which the Company owns 80.1% and AWS owns the remaining 19.9%. The balance of AWS's minority interest is adjusted as a function of AWS's 19.9% share of the operating income (or loss) of CBW, with an offsetting amount being reflected in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) under the caption "Minority interest expense." The Wireless segment provides advanced digital personal communications services and sales of related communications equipment to customers in the Greater Cincinnati and Dayton, Ohio operating area. Services are provided over the CBW's regional wireless network and AWS's national wireless network.

(\$ in millions)	(Unaudited) Three Months Ended March 31,			
	2002	2001	\$ Change	% Change
Revenue				
Service	\$ 59.0	\$ 53.6	\$ 5.4	10 %
Equipment	3.0	3.5	(0.5)	(14) %
Total revenue	62.0	57.1	4.9	9 %
Costs and Expenses:				
Cost of services and products	25.4	24.4	1.0	4 %
Selling, general and administrative	13.4	18.0	(4.6)	(26) %
Total costs and expenses	38.8	42.4	(3.6)	(8) %
EBITDA	\$ 23.2	\$ 14.7	\$ 8.5	58 %

EBITDA margin	37.4%	25.7%	+12 pts
---------------	-------	-------	---------

Revenue

Wireless segment revenue grew 9%, or \$5 million, to \$62 million in the first quarter of 2002 compared to the same period in 2001, with the entire revenue growth attributable to higher service revenue for postpaid subscribership. Prepaid revenue declined 7% in the first quarter of 2002 compared to the same period in 2001 due to a decline in minutes of use. In addition, equipment revenue declined \$1 million, or 14%, due to fewer activations during the period compared to the first quarter of 2001.

CBW added 2,400 net subscribers during the quarter, with nearly 81% of the growth generated by the prepaid category and the remainder from postpaid services. At the end of the first quarter of 2002, total subscribership stood at approximately 465,000, a 23% increase compared to the end of the first quarter of 2001. Subscribership to CBW's i-wirelessSM prepaid product grew from approximately 123,000 subscribers at the end of the first quarter of 2001 to approximately 153,000 at the end of the first quarter of 2002. This is significant because i-wirelessSM represents an efficient use of CBW's wireless network. These subscribers generally make use of the network during off-peak periods. In addition, the cost per gross addition ("CPGA") of \$65 for i-wirelessSM subscribers was only one-sixth of the CPGA for postpaid subscribers during the quarter. In total, CBW's market share decreased to approximately 28% from 29% as of December 31, 2001, as net activations were less than the growth of the market.

Average revenue per unit ("ARPU") from postpaid subscribers of \$56 in the first quarter of 2002 decreased approximately \$3 compared to the fourth quarter of 2001 due to pricing pressure from increasing competition

31

and higher penetration rates among lower usage subscribers. Average monthly customer churn remained low in the face of aggressive competition and was among the best in the industry at 1.61% for postpaid subscribers. Further, by targeting the youth market rather than low-credit customers, CBW maintained a relatively low churn rate of approximately 4.42% for prepaid customers during the same period.

Costs and Expenses

Cost of services and products consists largely of incollect expense (whereby CBW incurs costs associated with its subscribers using their handsets while in the territories of other wireless service providers), network operations costs, interconnection expenses and cost of equipment sold. These costs were 41% of revenue in the first quarter of 2002, an improvement from the 43% incurred during the first quarter of 2001. In total, costs of services and products increased 4% in the first quarter of 2002 compared to the first quarter of 2001, to \$25 million due primarily to increased subscribership and associated interconnection charges, incollect expense and customer care.

SG&A expenses include the cost of customer acquisition, which consists primarily of the subsidy of customer handsets, advertising, distribution and promotional expenses. These costs decreased by \$5 million in the first quarter of 2002 compared to the same period of 2001, or 26%, as net subscribers added in 2002 were 37,000 lower than the first quarter 2001 net subscriber additions of 39,000. In 2002, the CPGA for postpaid customers was \$390, or 25% more than the \$311 incurred in 2001, as net subscriber additions declined at a faster rate than expenses. SG&A expenses continued to decrease as a percentage of total revenue, decreasing from 32% of revenue in the first quarter of 2001 to 22% in 2002 as CBW continued to leverage its established brand name and existing customer base.

The Wireless segment continued significant EBITDA improvement as CBW leveraged its network investment and benefited from an embedded customer base and low customer churn. In the first quarter of 2002, EBITDA of \$23 million was \$9 million higher than the same period in the prior year. In addition, EBITDA margin increased 12 points to 37% in the first quarter of 2002.

32

OTHER

The Other segment comprises the operations of the Company's CBAD and Public subsidiaries. The results of CBD are no longer reflected in this segment pursuant to the sale of substantially all of the assets of this business in March 2002. On January 1, 2002, as part of the Company's November 2001 restructuring plan, ZoomTown's web hosting activities were merged into Broadwing Communications and are reported in the Broadband segment subsequent to December 31, 2001. In addition, ZoomTown's DSL and dial-up Internet operations were assumed by CBT subsequent to December 31, 2001 and the results are now reflected in the Local segment in the current and prior periods. A detailed discussion of the CBD disposition and segment realignment is presented in Notes 2 and 9, respectively, of the Notes to the Condensed Consolidated Financial Statements.

(\$ in millions)	(Unaudited) Three Months Ended March 31,			
	2002	2001	\$ Change	% Change
Revenue	\$ 19.5	\$ 18.0	\$ 1.5	8%
Costs and Expenses:				
Cost of services and products	16.1	13.8	2.3	17%
Selling, general and administrative	3.5	4.3	(0.8)	(19)%
Total costs and expenses	19.6	18.1	1.5	8%
EBITDA	\$ (0.1)	\$ (0.1)	\$ —	n/m
EBITDA margin	(0.5)%	(0.6)%		n/m

Revenue

Other segment revenue in the first quarter of 2002 increased \$2 million, or 8%, to \$20 million compared to the first quarter of 2001. CBAD produced all of the revenue growth based on the continued success of its "Any Distance" long-distance service offering. This offer has been successful in capturing 560,000 subscribers in the Cincinnati and Dayton, Ohio operating area, with subscribership in the Cincinnati area representing residential and business market shares of approximately 68% and 39% of access lines, respectively. Revenue from Public declined 12% versus the first quarter of 2001, somewhat offsetting the increase from CBAD, as revenue from the sales associated with payphones used by inmates declined.

Costs and Expenses

Cost of services and products totaled \$16 million in the first quarter of 2002, a \$2 million, or 17%, increase compared to the first quarter of 2001. CBAD costs were responsible for the entire increase due to increased access charges and personnel costs as volume continued to grow. In 2002, gross profit margin for the segment decreased six margin points to approximately 17% as strong competition impacted both CBAD and Public.

SG&A expenses decreased \$1 million, or 19%, in the first quarter of 2002 compared to the same period in 2001. Nearly all of the decrease is due to improved cost management in response to the competitive markets in which these businesses compete.

EBITDA and EBITDA margin remained flat at zero in both periods presented.

Financial Condition

Capital Investment, Resources and Liquidity

As the Company's businesses mature and the initial network investments in wireless, DSL and broadband come to completion, the Company will focus its reduced capital spending toward success-based initiatives which occur primarily as customers are added to the Company's networks. The Company intends to drive revenue and margin expansion by increasing the utilization of its completed networks. However, the Company expects that capital expenditures will exceed positive cash flow generated by its operations and therefore drive the need for additional borrowings for a

substantial portion of the year.

In November 1999, the Company obtained a \$1.8 billion credit facility from a group of lending institutions. This credit facility was increased to \$2.1 billion in January 2000 and subsequently increased to \$2.3 billion in June 2001. Total availability under this credit facility decreased to \$1.93 billion in the first quarter of 2002 following a \$335 million prepayment of the outstanding term debt facilities (resulting from the sale of substantially all of the assets of CBD) and \$35 million in scheduled amortization of the credit facility. This credit facility now consists of \$866 million in revolving credit, maturing in various amounts between 2002 and 2004, and \$571 million in term loans from banking institutions and \$493 million from non-banking institutions, maturing in various amounts between 2002 and 2007.

At March 31, 2002, the Company had drawn approximately \$1.663 billion from the remaining credit facility capacity of \$1.93 billion, and had outstanding letters of credit totaling \$4 million, leaving \$263 million in additional borrowing capacity under this credit facility. These borrowings have been used by the Company to refinance its existing debt and debt assumed as part of the merger with IXC Communications Inc. ("IXC") in November 1999 and to fund its capital expenditure program and other working capital needs. The amount refinanced included approximately \$404 million borrowed in order to redeem the outstanding 9% Senior Subordinated Notes assumed during the merger as part of a tender offer. This tender offer was required under the terms of the bond indenture due to the change in control provision.

Total availability under the credit facility will decrease throughout the remaining nine months of 2002 to approximately \$1.825 billion due to approximately \$4 million of scheduled amortization of the term debt facilities and \$101 million of scheduled amortization of the revolving credit facility. The Company believes that its borrowing availability will be sufficient to provide for its financing requirements in excess of amounts generated by operations for the foreseeable future.

The short-term debt on the balance sheet at March 31, 2002 consisted of approximately \$25 million of principal payments, \$5 million of which was related to the credit facility and \$20 million of which was related to CBT Bond payments due during the next twelve months. The remaining balance of short-term debt of \$11 million was related to the short-term portion of capital leases.

The Company is also subject to financial covenants in association with the credit facility. These financial covenants require that the Company maintain certain debt to EBITDA, debt to capitalization, senior secured debt to EBITDA and interest coverage ratios. This facility also contains certain covenants which, among other

things, restrict the Company's ability to incur additional debt or liens; pay dividends; repurchase Company common stock; sell, transfer, lease, or dispose of assets, make investments or merge with another company. In December 2001, the Company obtained an amendment to its credit facility to substantially exclude the charges associated with the November 2001 restructuring plan from the covenant calculations and amend certain defined terms. In March 2002, the Company obtained an additional amendment to allow for the sale of substantially all of the assets of CBD, exclude charges related to SFAS 142, increase its ability to incur additional indebtedness and amend certain defined terms.

In February 2002, the Company's corporate credit rating was downgraded by Moody's Investor Service to Ba3 from its previous level of Ba1. In March 2002, the Company's corporate credit rating was downgraded by Standard and Poor's and Fitch Rating Service to BB from its previous level of BB+. These downgrades will result in additional cash interest expense of 50 basis points on up to \$1.437 billion of the Company's credit facility, thereby increasing interest expense by a maximum of \$7 million annually. Historically, the credit facility was secured only by a pledge of the stock certificates of certain subsidiaries of the Company. As a result of the downgrades, the Company also became obligated to provide certain subsidiary guarantees and liens on the assets of the Company and certain subsidiaries in addition to the stock certificates of the subsidiaries.

In May 2002, the Company obtained an amendment to its credit facility to exclude certain subsidiaries from the obligation to secure the credit facility with subsidiary guarantees and asset liens, extend the time to provide required collateral and obtain the ability to issue senior unsecured indebtedness and equity under specified terms and conditions. The amendment also placed additional restrictions on the Company under the covenants related to indebtedness and investments and further increased the interest rates on the total credit facility by 50 basis points, which will result in

additional interest expense of a maximum of \$10 million annually.

The Company is in compliance with all covenants set forth in its credit facility and other indentures. Please refer to Note 5 of the Notes to Condensed Consolidated Financial Statements contained in this report for a complete discussion of debt and the related covenants.

The interest rates charged on borrowings from the credit facility can range from 150 to 350 basis points above the London Interbank Offering Rate ("LIBOR"), and are currently between 275 and 325 basis points above LIBOR as a result of the Company's credit rating. The Company incurs banking fees in association with this credit facility that range from 37.5 basis points to 75 basis points, applied to the unused amount of borrowings of the facility.

As of the date of this filing, the Company maintains the following credit ratings:

Entity	Description	Standard and Poor's	Fitch Rating Service	Moody's Investor Service
BRW	Corporate Credit Rating	BB	BB	Ba3
CBT	Corporate Credit Rating	BB	BB+	Ba1

The Company does not have any downgrade triggers that would accelerate the maturity dates of its debt. However, further downgrades in the Company's credit rating could adversely impact the cost of current and future debt facilities as well as the Company's ability to execute future financings. Based on the balances of the Company's outstanding long-term debt as of March 31, 2002, a 1% increase in the Company's average borrowing rates would result in approximately \$17 million in incremental annual interest expense. In addition, if the Company's credit rating is below Baa3 or BBB- as rated by Moody's or Standard & Poor's, respectively, in 2002 and future periods, the Company is obligated by its credit facility covenants to use 50% of any annual excess cash flows, as defined in its credit facility agreement, to reduce its outstanding borrowings. If the Company is unable to meet the covenants of its various debt agreements, the payment of the underlying debt could be accelerated. Additionally, the Company is currently obligated by its credit facility to use the net cash

proceeds received from certain asset sales or issuances of debt or equity by the Company or any of its subsidiaries to reduce its outstanding borrowings.

The Company had various investments in cost-based equity securities that had a carrying value of approximately \$20 million as of March 31, 2002. The value of the total investment portfolio decreased approximately \$19 million during the first quarter of 2002 due substantially to the Company's liquidation of Anthem Inc. shares received as a result of that company's demutualization.

Capital expenditures for the first three months of 2002 were approximately \$53 million, 73% lower than the \$198 million spent in the first three months of 2001. Capital expenditures to maintain and strategically expand the national optical network, enhance the wireless network and maintain the local Cincinnati wireline network are expected to be approximately \$300 million in 2002 versus \$649 million in 2001. The reduction in capital expenditures is the result of the completion of the optical overbuild of the national network and the footprint of the regional wireless network.

Balance Sheet

The following comparisons are relative to December 31, 2001.

The change in cash and cash equivalents, short term investments and investments in other entities is explained in the preceding discussion of capital investment, resources and liquidity or in the cash flow discussion below. The decrease of \$66 million in net property, plant and equipment was due to the depreciation of assets exceeding capital expenditures. The decrease of \$106 million in deferred income tax benefits was due to the utilization of benefits related to the realized gain on the sale of substantially all of the assets of CBD. The decrease in assets and liabilities from discontinued operations was due to the sale of the Company's CBD subsidiary in March 2002 (further described in Note 2 to the Condensed Consolidated Financial Statements).

The decrease in short-term and long-term debt of \$114 million and \$164 million, respectively, was due to the

prepayment of term debt of the Company's credit facility as a result of the sale of substantially all of the assets of CBD, offset somewhat by additional borrowings to fund the Company's capital expenditures and other working capital needs. Accounts payable decreased 27% primarily due to sequential decreases in capital spending as construction of the optical network was completed. The decrease in noncurrent unearned revenue of \$24 million was due to scheduled amortization of outstanding IRU agreements, offset partially by consideration received for an additional contract entered into during the quarter. The buyer of IRU services typically pays cash upon execution of the contract. The Company's policy and practice is to amortize these amounts into revenue over the life of the contract.

Accumulated other comprehensive loss decreased by \$3 million as increasing interest rates throughout the first quarter of 2002 resulted in an increase in the value of interest rate swaps, which carry fixed interest rates.

Cash Flow

For the first three months of 2002, cash used in operating activities of continuing operations totaled \$17 million, \$62 million less than the \$45 million provided by operating activities during the first three months of 2001, as a higher net loss from continuing operations was partially offset by a decrease in working capital needs.

36

The Company's investing activities included outflows for capital expenditures and inflows from the sale of equity investments. Capital expenditures during the first three months of 2002 totaled \$53 million, \$145 million lower than the \$198 million spent during the first three months of 2001. The decrease is due to completion of both the national network and its optical overbuild in addition to the completion of the wireless network footprint and installation of DSL-enabling equipment at CBT. The Company received proceeds of \$345 million as a result of the sale substantially all of the assets of CBD and \$23 million from the sale of its entire equity stake in Anthem Inc.

Approximately \$15 million in preferred stock dividends were paid to preferred shareowners during the first three months of 2002. Of this amount, approximately \$12 million is included in the "Minority interest expense" caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). In addition, the Company repaid a net \$284 million of its credit facility during the first three months of 2002 as discussed above. Please refer to Notes 5 and 8 of the Notes to Condensed Consolidated Financial Statements for a detailed discussion of debt and minority interest.

EBITDA

EBITDA represents net income (loss) from continuing operations before interest, income tax expense (benefit), depreciation, amortization, restructuring and other charges (credits), minority interest expense (income), equity loss in unconsolidated entities, loss (gain) on investments, other expense (income), extraordinary items and the effect of changes in accounting principles. EBITDA does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss) as an indicator of the Company's operating performance or as an alternative to cash flows as a source of liquidity, and may not be comparable with EBITDA as defined by other companies. The Company has presented certain information regarding EBITDA because the Company believes that EBITDA is generally accepted as providing useful information regarding a company's ability to service and incur debt. In addition, the Company uses EBITDA as a key measurement of operating segment performance.

EBITDA of \$147 million in the first quarter of 2002 increased 2%, or \$3 million, compared to the same quarter in 2001. Increases in Local and Wireless segments, due to aggressive cost management were offset by a decrease in the Broadband segment due to declining revenue. Growth in the Other segment remained relatively flat.

Regulatory Matters and Competitive Trends

Federal — The Telecommunications Act of 1996 (the "1996 Act"), including the rules subsequently adopted by the Federal Communications Commission ("FCC") to implement the 1996 Act, can be expected to impact CBT's in-territory local exchange operations in the form of greater competition.

State — At the state level, CBT conducts local exchange operations in portions of Ohio, Kentucky and Indiana and, consequently, is subject to regulation by the Public Utilities Commissions ("PUC") in those states. In Ohio, the PUC is

concluding a proceeding that will establish permanent rates that CBT can charge to competitive local exchange carriers for unbundled network elements. The Kentucky commission recently initiated a similar case to establish rates for unbundled network elements in Kentucky. The establishment of these rates is intended to facilitate market entry by competitive local exchange carriers.

The Ohio PUC has required SBC Communications Inc. ("SBC") and Verizon Communications Inc. ("Verizon") to offer competitive local exchange services in several Ohio markets, including the Cincinnati market, as a condition to the approval of their respective mergers involving Ameritech Corp. and GTE Corp.

37

Both SBC and Verizon have entered into interconnection agreements with CBT and are expected to begin providing service to the Cincinnati market during 2002.

CBT is currently subject to an Alternative Regulation Plan ("Alt Reg Plan") in Ohio. The current Alt Reg Plan gives CBT pricing flexibility in several competitive service categories in exchange for CBT's commitment to freeze certain basic residential service rates during the term of the Alt Reg Plan. The term of the current Alt Reg Plan will expire on June 30, 2002. However, CBT has the right to request that the Alt Reg Plan be extended through June 30, 2003. CBT requested this extension on March 1, 2002. A decision from the Ohio PUC is currently pending. In the event CBT's request is denied, CBT would be required to initiate a proceeding to establish a new Alt Reg Plan or, if then available, adopt the generic Alt Reg Plan currently being developed by the Ohio PUC. Failure to obtain an extension of the current Alt Reg Plan, or to obtain approval of a new Alt Reg Plan with similar pricing flexibility, could have an adverse impact on CBT's operations.

Business Outlook

Evolving technology, consumer preferences, legislative and regulatory initiatives and convergence of communications technology are causes of increasing competition. The range of communications services, the equipment available to provide and access such services and the number of competitors offering such services continue to increase. In addition, the difficult economic environment and limited access to capital markets could continue to cause customers to delay or default on payments and reduce purchases commensurate with demand. These initiatives and developments could make it difficult for the Company to maintain current revenue and operating margins.

Cincinnati Bell Telephone's current and potential competitors include other ILECs, wireless services providers, interexchange carriers, competitive local exchange carriers, cable operators and others. To date, Cincinnati Bell Telephone has signed various interconnection agreements with competitors and approximately 2% of net network access lines have been transferred to competitors since 1998.

Cincinnati Bell Wireless is one of seven active wireless service providers in the Greater Cincinnati and Dayton, Ohio metropolitan market areas. In the first quarter of 2002, CBW's net activations were 23,000 less than the fourth quarter of 2001. In addition, minutes of use for postpaid services have remained flat over the three most recent quarterly periods.

Cincinnati Bell Any Distance has captured substantial market share in the Greater Cincinnati area since the introduction of its Any Distance offer in January of 2000, but faces intense competition from long-distance providers and other resellers. Margins on long-distance rates continue to fall as providers attempt to maintain their subscriber base, which creates the need for substantial advertising in order to capture and retain market share.

The Company's other subsidiaries face intense competition in their markets, principally from larger companies. These subsidiaries differentiate themselves by leveraging the strength and recognition of the Company's brand equity, by providing customers with superior service, by focusing on niche markets and by developing and marketing customized bundled services.

Broadwing Communications faces significant competition from other fiber-based telecommunications companies such as AT&T Corp., WorldCom, Inc., Sprint Corporation, Level 3 Communications, Inc. and Qwest Communications International Inc. Broadwing Technology Solutions, a business unit of Broadwing Communications, competes with intranet hardware vendors, wiring

vendors, and other information technology consulting businesses. The web hosting operations of Broadwing Communications face competition from nationally known web hosting providers. In order to achieve competitive advantages, the Company intends to develop new products and services or blend products and services from other subsidiaries into the operations of Broadwing Communications.

The Company believes that its reputation for quality service and innovative products can be successfully exported from its local franchise area. The Company has successfully blended its provisioning and marketing expertise with Broadwing Communications' next-generation optical network in order to introduce advanced calling and data transport services throughout the United States. The Company intends to retain market share with respect to its current service offerings and continue to pursue rapid growth in data transport and wireless communications services. The Company also intends to continue to leverage its investment in its local communications network and regional wireless network to provide new and incremental product and service offerings to customers in the Greater Cincinnati and Dayton, Ohio markets. In addition, the Company intends to continue to diversify its customer base by focusing on enterprise customers. During the first quarter of 2002, revenue from enterprise customers comprised 41% of total revenue, with consumers contributing 26% and carriers the remaining 33%.

Business Development

To enhance shareowner value, the Company continues to review opportunities for acquisitions, divestitures, equity investments and strategic partnerships.

Commitments and Contingencies

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims and other matters. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance. However, the Company believes that the resolution of such matters for amounts in excess of those accounted for in the consolidated financial statements would not likely have a materially adverse effect on the Company's financial condition.

In 2001 and 2000, the Company's Broadwing Communications subsidiary entered into agreements with two vendors to provide bundled internet access to the Company's customers based on a monthly maintenance fee. In March 2002, Broadwing Communications terminated its contract with one of the vendors, which was an action contemplated in the original November 2001 restructuring plan for which an amount could not be reasonably estimated at that time. This contract termination reduced the Company's future commitments by approximately \$60 million. As of March 31, 2002, Broadwing Communications had committed to purchase approximately \$15 million of bundled internet access over thirty-two months from the remaining vendor. These services were previously purchased from other vendors on a usage basis.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

The Company is exposed to the impact of interest rate fluctuations. To manage its exposure to interest rate fluctuations, the Company uses a combination of variable rate short-term and fixed rate long-term financial instruments. The Company employs derivative financial instruments to manage its exposure to fluctuations in interest rates. The Company does not hold or issue derivative financial instruments for trading purposes or enter into interest rate transactions for speculative purposes. A more detailed discussion of the Company's use of financial instruments is presented in Note 6 of the Notes to Condensed Consolidated Financial Statements.

The Company is, however, required by terms of its credit facility to engage in interest rate swaps once certain thresholds are exceeded with regard to floating rate debt as a percentage of the Company's total debt. The Company exceeded this threshold during 2000 and, accordingly, entered into a series of interest rate swap

agreements on notional amounts totaling \$130 million. The Company continued to exceed the above noted threshold in

the first quarter of 2002, and therefore as of March 31, 2002, the Company held interest rate swaps with notional amounts totaling \$490 million. The purpose of these agreements is to hedge against changes in market interest rates to be charged on the Company's borrowings under its credit facility. The increase in the notional amount from 2000 to the first quarter of 2002 is a result of the Company's additional borrowings under its credit facility during that period.

These swap agreements involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the notional amounts between the parties. Because these amounts are not exchanged, the notional amounts of these agreements are not indicative of the Company's exposure resulting from these derivatives. The amounts to be exchanged between the parties are primarily the result of the swap's notional amount and the fixed and floating rate percentages to be charged on the swap. In accordance with SFAS 133, interest rate differentials associated with the Company's interest rate swaps are recorded as an adjustment to interest payable or receivable with the offset to interest expense over the life of the swap. The swap agreements were a liability with a fair value of \$7.1 million recorded on the balance sheet as of March 31, 2002, and a \$4.6 million tax-effected amount recorded in other comprehensive income.

Potential nonperformance by counterparties to the swap agreements exposes the Company to a certain amount of credit risk due to the possibility of counterparty default. Because the Company's only counterparties in these transactions are financial institutions that are at least investment grade, it believes the risk of counterparty default is minimal.

Interest Rate Risk Management — The Company's objective in managing its exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs.

40

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this Item is included in Note 11 of the Notes to the Condensed Consolidated Financial Statements on page 23 of this quarterly report.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the first quarter of 2002.

The Company's annual meeting of shareholders was conducted on April 29, 2002. At this meeting, shareholders voted on:

- i. Election of three directors for three-year terms expiring in 2005,

The results of such votes were as follows:

- i. J. Taylor Crandall was elected as a director with 187,444,744 common shares voting for election and 5,175,781 shares voting against election. Daniel J. Meyer was elected as a director with 188,077,936 common shares voting for election and 4,562,589 shares voting against election. Mary D. Nelson was elected as a director with 187,401,159 common shares voting for election and 5,239,366 shares voting against election.

Item 5. Other Information

At the annual shareholders' meeting on April 29, 2002, James Kiggen retired as chairman of the board. Richard E.

Ellenberger was appointed as the new chairman.

41

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission ("SEC"), are incorporated herein by reference as exhibits hereto.

Exhibit Number	DESCRIPTION
(3)(a)	Amended Articles of Incorporation of Broadwing Inc. (Exhibit (3)(a) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).
(3)(b)	Amended Regulations of the registrant. (Exhibit 3.2 to Registration Statement No. 2-96054).
(4)(a)	Provisions of the Amended Articles of Incorporation and the Amended Regulations of the registrant which define the rights of holders of Common Shares and the Preferred Shares are incorporated by reference to such Amended Articles filed as Exhibit (3)(a) hereto and such Amended Regulations filed as Exhibit (3)(b) hereto.
(4)(b)(i)	Rights Agreement dated as of April 29, 1997, between the Company and The Fifth Third Bank which includes the form of Certificate of Amendment to the Amended Articles of Incorporation of the Company as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C (Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on May 1, 1997).
(4)(b)(ii)	Amendment No. 1 to the Rights Agreement dated as of July 20, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 1 of the Company's Registration Statement on Form 8-A filed on August 6, 1999).
(4)(b)(iii)	Amendment No. 2 to the Rights Agreement dated as of November 2, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 2 of the Company's Registration Statement on Form 8-A filed on November 8, 1999).
(4)(c)(i)	Indenture dated July 1, 1993, between Cincinnati Bell Inc., Issuer, and The Bank of New York, Trustee, in connection with \$50,000,000 of Cincinnati Bell Inc. 7 1/4% Notes Due June 15, 2023. (Exhibit 4-A to Form 8-K, date of report July 12, 1993, File No. 1-8519).
(4)(c)(ii)	Indenture dated August 1, 1962, between Cincinnati Bell Telephone Company and Bank of New York, Trustee (formerly, The Central Trust Company was trustee), in connection with \$20,000,000 of Cincinnati Bell Telephone Company Forty Year 4 3/8% Debentures, Due August 1, 2002. (Exhibit 4 (c)(iii) to Form 10-K for 1992, File No. 1-8519).
(4)(c)(iii)	Indenture dated as of October 27, 1993, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report October 27, 1993, File No. 1-8519).
(4)(c)(iv)	Indenture dated as of November 30, 1998 among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report November 30, 1998, File No. 1-8519).
(4)(c)(v)	Investment Agreement dated as of July 21, 1999, among Cincinnati Bell, Oak Hill Capital Partners L.P. and certain related parties of Oak Hill (Exhibit 4.9 to Form S-4 filed on September 13, 1999, File

No. 1-8519).

- (4)(c)(vi) Indenture dated as of July 21, 1999 among Cincinnati Bell Inc., and The Bank of New York, as Trustee (Exhibit 4.10 to Form S-3 filed on November 10, 1999, File No. 1-8519).
- (4)(c)(vii) No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
- (10)(i)(1.0) Amended and restated Credit Agreement dated as of November 9, 1999, amended and restated as of January 12, 2000 ("Credit Agreement"), among Cincinnati Bell and IXCS as the Borrowers, Cincinnati Bell as Parent Guarantor, the Initial Lenders, Initial Issuing Banks and Swing Line Banks named herein, Bank of America, N.A., as Syndication Agent, Citicorp USA, Inc., as Administrative Agent, Credit Suisse First Boston and The Bank of New York, as Co-Documentation Agents, PNC Bank, N.A., as Agent and Salomon Smith Barney Inc. and Banc of America Securities LLC, as Joint Lead Arrangers. (Amended and restated Credit Agreement filed as Exhibit 10.1 to Form 10-Q, for the quarter ended March 31, 2000, File No. 1-8519).
- (10)(i)(1.1)+ Letter Amendment and Waiver No. 1 dated as of May 17, 2000 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November
- (10)(i)(1.2)+ Letter Amendment No. 2 dated as of November 3, 2000 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November
- (10)(i)(1.3)+ Letter Amendment and Waiver No. 3 dated as of June 12, 2001 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November
- (10)(i)(1.4)+ Amendment No. 4 dated as of June 27, 2001 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File No. 1-
- (10)(i)(1.5)+ Amendment No. 5 dated as of December 13, 2001 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File
- (10)(i)(1.6)+ Amendment No. 6 dated as of March 1, 2002 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File
- (10)(i)(1.7)+ Amendment No. 7 dated as of March 15, 2002 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File
- (10)(i)(1.8)+ Amendment No. 8 dated as of April 8, 2002 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File No. 1-
- (10)(i)(1.9)+ Amendment No 9 dated as of May 1, 2002 to the amended and restated Credit Agreement. (Original Credit Agreement filed as Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File No. 1-
- (10)(i)(2) Asset Purchase Agreement by and among Broadwing Inc., Cincinnati Bell Directory Inc. and CBD Media, Inc. dated as of February 4, 2002. (Exhibit (10)(i)(2) to Form 10-K for the year ended December 31, 2001, File No. 1-8519).
- (10)(iii)(A)(1)* Short Term Incentive Plan of Broadwing Inc., as amended and restated effective July 24, 2000. (Exhibit (10)(iii)(A)(1) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).

- (10)(iii)(A)(2)* Broadwing Inc. Deferred Compensation Plan for Outside Directors, as amended and restated effective July 24, 2000. (Exhibit (10)(iii)(A)(3) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).
- (10)(iii)(A)(3) Broadwing Inc. Pension Program, as amended and restated effective July 24, 2000. (Exhibit (10)(iii)(i)* (A)(4) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).
- (10)(iii)(A)(3) Cincinnati Bell Pension Program, as amended and restated effective March 3, 1997. (Exhibit (10)(iii)(ii)* (A)(3)(ii) to Form 10-K for 1997, File No. 1-8519).
- (10)(iii)(A)(4)* Broadwing Inc. Executive Deferred Compensation Plan, as amended and restated effective July 24, 2000. (Exhibit (10)(iii)(A)(5) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).
- (10)(iii)(A)(5)* Broadwing Inc. 1997 Long Term Incentive Plan, as amended and restated effective July 24, 2000. (Exhibit (10)(iii)(A)(1) to Form 10-Q for the three months ended June 30, 2000, File No. 1-8519).
- (10)(iii)(A)(6)* Cincinnati Bell Inc. 1997 Stock Option Plan for Non-Employee Directors, as revised and restated effective February 1, 1999. (Exhibit (10)(iii)(A)(15) to Form 10-K for 1998, File No. 1-8519).
- (10)(iii)(A)(7)* Cincinnati Bell Inc. 1989 Stock Option Plan. (Exhibit (10)(iii)(A)(14) to Form 10-K for 1989, File No. 1-8519).
- (10)(iii)(A)(8)* Employment Agreement dated January 1, 1999 between the Company and Richard G. Ellenberger. (Exhibit (10)(iii)(A)(9) to Form 10-K for 1998, File No. 1-8519).
- (10)(iii)(A)(9)* Employment Agreement effective January 1, 1999 between the Company and Kevin W. Mooney. (Exhibit (10)(iii)(A)(ii) to Form 10-K for 1998, File No. 1-8519).
- (10)(iii)(A)(10) Employment Agreement effective December 4, 2001 between the Company and Michael W. * Callaghan. (Exhibit (10)(iii)(A)(10) to Form 10-K for the year ended December 31, 2001, File No. 1-8519).
- (10)(iii)(A)(11) Employment Agreement effective April 9, 1999 between the Company and Richard S. Pontin. * (Exhibit (10)(iii)(A)(1) to Form 10-Q for the quarter ended June 30, 1999, File No. 1-8519).
- (10)(iii)(A)(12) Employment Agreement dated January 1, 1999 between the Company and John F. Cassidy. (Exhibit * (10)(iii)(A)(8) to Form 10-K for 1999, File No. 1-8519).
- (10)(iii)(A)(13) Employment Agreement effective January 1, 2000 between the Company and Jeffrey C. Smith. * (Exhibit (10)(iii)(A)(12) to Form 10-Q for the quarter ended March 31, 2001, File No. 1-8519).

+ Filed herewith.

* Management contract or compensatory plan required to be filed as an exhibit.

The Company will furnish any other exhibit at cost.

(b) Reports on Form 8-K.

Form 8-K, date of report February 11, 2002, reporting that the Company had entered into an Asset Purchase Agreement pursuant to which it had agreed to sell substantially all of the assets of its Cincinnati Bell Directory subsidiary. As a result of the sale, the Company revised its 2002 projections for revenue and earnings before interest, taxes, depreciation and amortization.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Broadwing Inc.

Date: May 15, 2002

/s/ Mary E. McCann

Mary E. McCann

Senior Vice President, Corporate Finance

EX-10.11.1 3 j3904_ex10di1d1.htm EX-10.11.1

Exhibit (10)(i)(1.1)

LETTER AMENDMENT AND WAIVER NO. 1

Dated as of May 17, 2000

To the banks, financial institutions and other institutional lenders (collectively, the "Lenders") parties to the Credit Agreement referred to below and Bank of America, N.A., as syndication agent, Credit Suisse First Boston ("CSFB") and The Bank of New York ("BNY"), as co-documentation agents, PNC Bank, N.A., collectively with CSFB and BNY, as co-arrangers, and Citicorp USA, Inc., as administrative agent (the "Administrative Agent") for the Lenders under the Credit Agreement

Ladies and Gentlemen:

We refer to (i) the Amendment and Restatement of the Credit Agreement dated as of January 12, 2000 (the "Credit Agreement") among the undersigned and you, (ii) the Shared Collateral Security Agreement dated November 9, 1999 (the "Shared Collateral Security Agreement") from the undersigned to Wilmington Trust Company and John M. Beeson, as Collateral Trustees, and (iii) the Non-Shared Collateral Security Agreement dated November 9, 1999 (the "Non-Shared Collateral Security Agreement"), and together with the Shared Collateral Security Agreement, the "Collateral Documents") from the Grantors under and as defined therein to the Administrative Agent. Capitalized terms not otherwise defined in this Letter Amendment and Waiver have the same meanings as specified in the Credit Agreement or Collateral Documents, as the case may be.

We intend to restructure Broadwing Inc. ("Broadwing Inc.") and certain of its Subsidiaries by merger or transfer of Equity Interests between Loan Parties as follows: (a) (i) Cincinnati Bell Long Distance Inc. ("CBLD") will be merged into Broadwing Telecommunications Inc. (formerly known as Eclipse Telecommunications, Inc.) ("Broadwing Telecommunications") with Broadwing Telecommunications as the surviving entity, and (ii) all of the Equity Interests in CTI Long Lines Inc. ("CTI") held by CBLD will be contributed or otherwise transferred to Broadwing Telecommunications (the transactions described in clauses (a)(i) and (a)(ii) together, the "CBLD Merger"); (b) (i) all of the Equity Interests in EnterpriseWise IT Consulting LLC ("EnterpriseWise") held by Broadwing Inc. will be contributed or otherwise transferred to Cincinnati Bell Network Solutions Inc. ("Network Solutions") and, together with CBLD, CTI, and EnterpriseWise, the "Transferred Subsidiaries"), (ii) EnterpriseWise will be merged into Network Solutions with the surviving entity to be renamed Broadwing IT Consulting Inc. ("IT Consulting"), and (iii) all of the Equity Interests in IT Consulting will be contributed or otherwise transferred to Broadwing Communications Services Inc. ("BCSI") from Broadwing Inc. (the transactions described in clauses (b)(i) through

(b)(iii), the "EnterpriseWise Transfer"); and (c) Network Evolutions, Incorporated ("Evolutions") will be merged into IT Consulting (the "Evolutions Merger" and, together with the CBLD Merger and the EnterpriseWise Transfer, the "Restructuring"). We also intend to repay certain existing indebtedness incurred pursuant to two Letter Agreements each dated January 7, 2000 with Merrill Lynch, Pierce, Fenner & Smith (the "Merrill Lynch Debt") in an amount not to exceed \$150,000,000 (the "Repayment"). Further, we intend to repurchase outstanding shares of Broadwing Inc. common stock in the open market with proceeds from contributions to employee stock option plans in an aggregate amount not to exceed \$50,000,000 (the "Stock Repurchase").

SECTION 1. Amendment, Consent and Waiver. We hereby request that you consent to the Restructuring, the Repayment and the Stock Repurchase, amend and otherwise modify the Credit Agreement and the Collateral Documents as hereinafter set forth, and waive any Defaults and Events of Default under Sections 5.01(i), 5.01(j)(II), 5.02(d), 5.02(e), 5.02(g), 5.02(j) and 7.01(c) that would result from the Restructuring, the Repayment and/or the Stock Repurchase.

SECTION 2. Amendments to Certain Provisions of the Credit Agreement Effective on the Amendment Effective Date. The Credit Agreement is, upon the occurrence of the Amendment Effective Date, hereby amended as follows:

(i) Section 5.02(e)(viii) is amended by deleting the final *proviso* therein in its entirety and substituting therefor the following:

"*provided that, the Borrowers shall, on the date of receipt by any Loan Party or any of its Subsidiaries of the Net Cash Proceeds from any such sale, lease, transfer, or other disposition pursuant to this subclause (viii), prepay the Advances pursuant to, and in the amount and order of priority set forth in, Section 2.06(b)(ii), as specified therein unless such Net Cash Proceeds are reinvested in the business of the Borrowers and their Subsidiaries with reasonable promptness and, in any event, not later than 12 months from the date of receipt. The failure of the Borrowers to prepay the Advances with such Net Cash Proceeds on the date of receipt of such proceeds shall constitute a representation by the Borrowers as of such date that the Net Cash Proceeds from such sale, lease, transfer or other disposition will be reinvested in the business of the Borrowers and their Subsidiaries with reasonable promptness and, in any event, not later than 12 months from the date of receipt of such proceeds. The quarterly compliance certificate of the Chief Financial Officer of Broadwing Inc. delivered pursuant to Section 5.03(c) shall contain a certification by such officer that all such Net Cash Proceeds received during such fiscal quarter from each asset sale pursuant to this subclause (viii) will be so reinvested within such time period. A Responsible Officer of Broadwing Inc. shall notify the Administrative Agent in writing on the date of receipt of such Net Cash Proceeds in the event that such Net Cash Proceeds will not be so reinvested within such 12 month period and such Net Cash Proceeds shall be applied within 3 Business Days following receipt of such Net Cash Proceeds to prepay the Advances outstanding at such time pursuant to, and in the amount and order of priority set forth in Section 2.06(b)(ii).*"

2

SECTION 3. Waivers of and Consents under Certain Provisions of the Credit Agreement Effective on the Amendment Effective Date. (a) Each of the Lenders and the Agents hereby consents to the Repayment and waives, upon the occurrence of the Amendment Effective Date, and solely in connection with the Repayment, any and all Defaults and Events of Default under Sections 5.02(j) and 7.01(c) that would result from the Repayment; *provided* (i) the amount so repaid does not exceed \$150,000,000, (ii) the Repayment occurs on or before July 1, 2002 and (iii) no Default or Event of Default shall have occurred and be continuing on the date of such Repayment.

(b) Each of the Lenders and the Agents hereby consents to the Stock Repurchase and waives, upon the occurrence of the Amendment Effective Date, and solely in connection with the Stock Repurchase, any and all Defaults and Events of Default under Sections 5.02(g) and 7.01(c) that would result from the Stock Repurchase; *provided* (i) the amount so paid does not exceed \$50,000,000, (ii) 100% of such capital stock repurchases of Broadwing Inc. are funded with proceeds received from employee contributions to stock option plans of Broadwing Inc. and (iii) no Default or Event of Default shall have occurred and be continuing on the date of such Stock Repurchase.

SECTION 4. Amendments to Certain Provisions of the Collateral Documents Effective on the Collateral Document Amendment Effective Date. (a) The Collateral Documents are, upon the occurrence of the Collateral Document Amendment Effective Date, hereby amended as follows:

(i) The Shared Collateral Security Agreement is amended by substituting Schedule I attached hereto for Schedule I to the Shared Collateral Security Agreement.

(ii) The Non-Shared Collateral Security Agreement is amended by substituting Schedule II attached hereto for Schedule II to the Non-Shared Collateral Security Agreement.

SECTION 5. Waivers of and Consents under Certain Provisions of the Credit Agreement Effective on the EnterpriseWide Waiver Effective Date.

(a) Any and all Defaults and Events of Default under Sections 5.01(i), 5.01(j)(II), 5.02(d), 5.02(e) and 7.01(c) of the Credit Agreement that would result from the consummation of the EnterpriseWise Transfer are, upon the occurrence of the EnterpriseWise Waiver Effective Date, hereby waived by the Lenders.

(b) Each of the Lenders and the Agents hereby consents, upon the occurrence of the EnterpriseWise Waiver Effective Date, and solely in connection with the consummation of the EnterpriseWise Transfer, to release all liens and security interests of Broadwing Inc. in the Equity Interests in EnterpriseWise and Network Solutions held by Broadwing Inc. comprising part of the Collateral under the Shared Collateral Security Agreement (collectively, the "EnterpriseWise Transferred Collateral") in accordance with Section 8.01(a) of the Collateral Trust Agreement.

3

(c) Each of the Lenders and the Agents hereby consents, upon the occurrence of the EnterpriseWise Waiver Effective Date, and solely in connection with the consummation of the EnterpriseWise Transfer, to release and discharge each of EnterpriseWise and Network Solutions from its guarantee of the Guaranteed Obligations under and as defined in the CBI Subsidiary Guaranty.

SECTION 6. Waivers of and Consents under Certain Provisions of the Credit Agreement Effective on the CBLD Waiver Effective Date.

(a) Any and all Defaults and Events of Default under Sections 5.01(i), 5.01(j)(II), 5.02(d), 5.02(e) and 7.01(c) of the Credit Agreement that would result from the consummation of the CBLD Merger are, upon the occurrence of the CBLD Waiver Effective Date, hereby waived by the Lenders.

(b) Each of the Lenders and the Agents hereby consents, upon the occurrence of the CBLD Waiver Effective Date, and solely in connection with the consummation of the CBLD Merger, to release all liens and security interests of Broadwing Inc. in the Equity Interests in CBLD and CTI held by Broadwing Inc. comprising part of the Collateral under the Shared Collateral Security Agreement (collectively, the "CBLD Transferred Collateral") in accordance with Section 8.01(a) of the Collateral Trust Agreement.

(c) Each of the Lenders and the Agents hereby consents, upon the occurrence of the CBLD Waiver Effective Date, and solely in connection with the consummation of the CBLD Merger, to release and discharge each of CBLD and CTI from its guarantee of the Guaranteed Obligations under and as defined in the CBI Subsidiary Guaranty.

SECTION 7. Conditions Precedent to Effectiveness of this Letter Amendment and Waiver. (a) Sections 2 and 3 of this Letter Amendment and Waiver shall become effective as of the date first above written (the "Amendment Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

(i) The Administrative Agent shall have received counterparts of (i) this Letter Amendment and Waiver executed by the undersigned and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Letter Amendment and Waiver, and (ii) the Consent attached hereto executed by each of the Subsidiary Guarantors.

(ii) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment Effective Date, before and after giving effect to this Letter Amendment and Waiver, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment Effective Date, in which case as of such specific date).

(iii) No event shall have occurred and be continuing, or shall result from the effectiveness of this Letter Amendment and Waiver that constitutes a Default other than the Defaults and Events of Default expressly waived (subject to clause (b) hereof) under Sections 3 and 5.

4

(iv) All of the accrued fees and expenses of the Administrative Agent and the Lenders, including the accrued fees and expenses of counsel for the Administrative Agent) shall have been paid in full.

(b) Section 5 of this Letter Amendment and Waiver shall become effective as of the date first above written (the "EnterpriseWise Waiver Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

(i) Each of the conditions precedent set forth in clause (a) of this Section 7 shall have been satisfied in full or waived.

(ii) The EnterpriseWise Transfer shall have been consummated on terms reasonably satisfactory to the Administrative Agent and the Required Lenders.

(iii) All governmental and third party consents, approvals and authorizations of, notices and filings to or with, and other actions by, any other Person necessary in connection with any aspect of the EnterpriseWise Transfer shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the Lenders) and shall remain in full force and effect; all applicable waiting periods shall have expired without any action being taken by any competent authority; and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon any aspect of the EnterpriseWise Transfer.

(iv) The Collateral Trustee shall have received from Broadwing Inc. a Notice of Partial Release (as defined in the Collateral Trust Agreement) at least 10 Business Days prior to the release of the EnterpriseWise Transferred Collateral requesting the partial release of the such Collateral from the Shared Collateral Security Agreement in accordance with Section 8.01(a) of the Collateral Trust Agreement.

(v) The Administrative Agent shall have received on or before the EnterpriseWise Waiver Effective Date the following, each dated such date (unless otherwise specified), in form and substance reasonably satisfactory to the Lenders:

(1) Certified copies of (A) the resolutions of the board of directors of each Loan Party that is a party to any aspect of the EnterpriseWise Transfer approving the EnterpriseWise Transfer and the other transactions contemplated thereby and hereby involving or affecting such Loan Party, and (B) all documents evidencing necessary governmental authorizations, or other necessary consents, approvals, authorizations, notices, filings or actions, with respect to the EnterpriseWise Transfer or any of the other transactions contemplated by any of the foregoing, involving or affecting such Loan Party.

(2) A certificate of a Responsible Officer of the Borrowers, in form and substance reasonably satisfactory to the Administrative Agent, certifying that immediately before and after giving *pro forma* effect to the EnterpriseWise Transfer and the other transactions contemplated thereby, no Default or Event of Default shall have occurred and be continuing.

5

(3) A guaranty supplement, in substantially the form of Exhibit A to the IXC Subsidiaries Guaranty, duly executed by IT Consulting.

(4) A security agreement supplement, in substantially the form of Exhibit A to the Non-Shared Collateral Security Agreement, duly executed by IT Consulting.

(5) Certificates representing all of the outstanding Equity Interests in IT Consulting, reflecting the ownership of IT Consulting by BCSI, accompanied by undated stock powers duly executed in blank, and instruments evidencing the Pledged Debt, if any, held by (i) IT Consulting and (ii) Broadwing Inc. with respect to Pledged Debt of EnterpriseWise and Networks Solutions assumed

by IT Consulting, in each case, duly endorsed in blank.

(6) Proper financing statements and amendments to existing financing statements (Forms UCC-1 and UCC-3 or comparable forms) under the Uniform Commercial Code of all jurisdictions that may be necessary or that the Administrative Agent may reasonably deem desirable in order to perfect and protect the liens and security interests created or purported to be created under the Collateral Documents, covering such Pledged Shares and Pledged Debt, in each case completed in a manner satisfactory to the Administrative Agent.

(7) evidence that all of the other actions that may be necessary or that the Administrative Agent may reasonably deem desirable in order to perfect and protect the liens and security interests created under the Collateral Documents have been taken or will be taken in accordance with the terms of the Loan Documents.

(8) A favorable opinion of Frost & Jacobs, counsel for the Loan Parties, in form and substance satisfactory to the Lenders.

(vi) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the date first above written and the EnterpriseWise Waiver Effective Date, before and after giving effect to this Letter Amendment and Waiver and the EnterpriseWise Transfer, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the EnterpriseWise Waiver Effective Date, in which case as of such specific date).

(c) Section 6 of this Letter Amendment and Waiver shall become effective as of the date first above written (the "CBLD Waiver Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

(i) Each of the conditions precedent set forth in clause (a) of this Section 7 shall have been satisfied in full or waived.

(ii) The CBLD Merger shall have been consummated on terms reasonably satisfactory to the Administrative Agent and the Required Lenders.

6

(iii) All governmental and third party consents, approvals and authorizations of, notices and filings to or with, and other actions by, any other Person necessary in connection with any aspect of the CBLD Merger shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the Lenders) and shall remain in full force and effect; all applicable waiting periods shall have expired without any action being taken by any competent authority; and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon any aspect of the CBLD Merger.

(iv) The Collateral Trustee shall have received from Broadwing Inc. a Notice of Partial Release (as defined in the Collateral Trust Agreement) at least 10 Business Days prior to the release of the CBLD Transferred Collateral requesting the partial release of such Collateral from the Shared Collateral Security Agreement in accordance with Section 8.01(a) of the Collateral Trust Agreement.

(v) The Administrative Agent shall have received on or before the CBLD Waiver Effective Date the following, each dated such date (unless otherwise specified), in form and substance reasonably satisfactory to the Lenders:

(1) Certified copies of (A) the resolutions of the board of directors of each Loan Party that is a party to any aspect of the CBLD Merger approving the CBLD Merger and the other transactions contemplated thereby and hereby involving or affecting such Loan Party, and (B) all documents evidencing necessary governmental authorizations, or other necessary consents, approvals, authorizations, notices, filings or actions, with respect to the CBLD Merger or any of the other

transactions contemplated by any of the foregoing, involving or affecting such Loan Party.

(2) A certificate of a Responsible Officer of the Borrowers, in form and substance reasonably satisfactory to the Administrative Agent, certifying that immediately before and after giving *pro forma* effect to the CBLD Merger and the other transactions contemplated thereby, no Default or Event of Default shall have occurred and be continuing.

(3) Certificates representing all of the outstanding Equity Interests in CTI, reflecting the ownership of CTI by Broadwing Telecommunications, accompanied by undated stock powers duly executed in blank, and instruments evidencing the Pledged Debt, if any, held by (i) CTI and (ii) Broadwing Telecommunications with respect to Pledged Debt of CBLD assumed by Broadwing Telecommunications, in each case, duly endorsed in blank.

(4) Proper amendments to existing financing statements (Form UCC-3 or a comparable form) under the Uniform Commercial Code of all jurisdictions that may be necessary or that the Administrative Agent may reasonably deem desirable in order to perfect and protect the liens and security interests created or purported to be created under the Collateral Documents, covering such Pledged

7

Shares and Pledged Debt, in each case completed in a manner satisfactory to the Administrative Agent.

(5) evidence that all of the other actions that may be necessary or that the Administrative Agent may reasonably deem desirable in order to perfect and protect the liens and security interests created under the Collateral Documents have been taken or will be taken in accordance with the terms of the Loan Documents.

(6) A favorable opinion of Frost & Jacobs, counsel for the Loan Parties, in form and substance satisfactory to the Lenders.

(vi) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the date first above written and the CBLD Waiver Effective Date, before and after giving effect to this Letter Amendment and Waiver and the CBLD Merger, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the CBLD Waiver Effective Date, in which case as of such specific date).

(d) Section 4 of this Letter Amendment and Waiver shall become effective as of the date first above written (the "Collateral Document Amendment Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

(i) Each of the conditions precedent set forth in clause (a) of this Section 7 shall have been satisfied in full or waived.

(ii) The Evolutions Merger shall have been consummated.

(iii) The CBLD Waiver Effective Date shall have occurred.

(e) No event shall have occurred and be continuing, or shall result from the effectiveness of this Letter Amendment and Waiver or the Restructuring, the Repayment or the Stock Repurchase, that constitutes a Default other than the Defaults and Events of Default expressly waived under Sections 3, 5, and 6.

The effectiveness of this Letter Amendment and Waiver is further conditioned upon the accuracy of all of the factual matters described herein. This Letter Amendment and Waiver is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 8. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Letter Amendment and Waiver, (i) each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Letter Amendment and Waiver, (ii) each reference in the Shared Collateral Security Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Shared Collateral Security Agreement, and each reference in the other Loan Documents to "the Shared

8

Collateral Security Agreement", "thereunder", "thereof" or words of like import referring to the Shared Collateral Security Agreement, shall mean and be a reference to the Shared Collateral Security Agreement, as amended by this Letter Amendment and Waiver, and (iii) each reference in the Non-Shared Collateral Security Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Non-Shared Collateral Security Agreement, and each reference in the other Loan Documents to "the Non-Shared Collateral Security Agreement", "thereunder", "thereof" or words of like import referring to the Non-Shared Collateral Security Agreement, shall mean and be a reference to the Non-Shared Collateral Security Agreement, as amended by this Letter Amendment and Waiver.

(b) The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Letter Amendment and Waiver, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Letter Amendment and Waiver. The execution, delivery and effectiveness of this Letter Amendment and Waiver shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 9. Costs and Expenses. Each of the Borrowers hereby severally agrees to pay, upon demand, all of the reasonable costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in connection with the preparation, execution, delivery, administration, modification and amendment of this Letter Amendment and Waiver and all of the instruments, agreements and other documents delivered or to be delivered in connection herewith, all in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 10. Execution in Counterparts. This Letter Amendment and Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Letter Amendment and Waiver by telecopier shall be effective as delivery of a manually executed counterpart of this Letter Amendment and Waiver.

If you agree to the terms and provisions hereof, please evidence such agreement by executing and returning at least two counterparts of this Letter Amendment and Waiver to Townsend Weekes, Director, Salomon Smith Barney Inc., 390 Greenwich Street, New York, New York 10013.

9

This Letter Amendment and Waiver shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC
COMMUNICATIONS SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title:

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title:

Lenders:

CREDIT SUISSE FIRST BOSTON

By _____
Title:

THE BANK OF NEW YORK

By _____
Title:

10

PNC BANK, N.A.

By _____
Title:

ABN AMRO BANK N.V.

By _____

Title:

ARCHIMEDES FUNDING, L.L.C.

By: ING Capital Advisors LLC, as Collateral Manager

By: _____

Title: _____

ARCHIMEDES FUNDING II, LTD.

By: ING Capital Advisors LLC, as Collateral Manager

By: _____

Title: _____

ARCHIMEDES FUNDING III, LTD.

By: ING Capital Advisors LLC, as Collateral Manager

By: _____

Title: _____

ATHENA CDO, LIMITED

By: Pacific Investment Management Company, as
its Investment Advisor

By: _____

Title: _____

11

BANK AUSTRIA CREDITANSTALT
CORPORATE FINANCE, INC.

By: _____

Title: _____

BANK OF CHINA, NEW YORK

By: _____

Title: _____

BANK OF TOKYO-MITSUBISHI, LTD.

By: _____

Title: _____

BAYERISCHE HYPO-UND VEREINSBANK AG,
NEW YORK BRANCH

By: _____

Title:

By _____
Title:

CAPTIVA IV FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title:

CAPTIVA III FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title:

12

CARLYLE HIGH YIELD PARTNER II, LTD.

By _____
Title:

CATALINA CDO LTD.
By: Pacific Investment Management Company, as
its Investment Adviser

By _____
Title:

CHANG HWA COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

CHINATRUST COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

COMMERCEBANK

By _____
Title:

Citibank International plc as Global Investment
Manager and Group Funding Manager for and on
behalf of Five Finance Corporation

By _____
Title: _____

13

CYPRESSTREE INVESTMENT MANAGEMENT
COMPANY, INC.

As: Attorney-in-Fact and on behalf of First
Allmerica Financial Life Insurance Company as
Portfolio Manager

By _____
Title: _____

CYPRESSTREE INSTITUTIONAL FUND LLC

By: CypressTree Investment Management
Company, Inc., its Managing Member

By _____
Title: _____

CYPRESSTREE INVESTMENT FUND LLC

By: CypressTree Investment Management
Company, Inc., its Managing Member

By _____
Title: _____

CYPRESSTREE INVESTMENT PARTNERS I, LTD.

By: CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

CYPRESSTREE INVESTMENT PARTNERS II, LTD.

By: CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

14

DELANO COMPANY

By: Pacific Investment Management Company, as
its Investment Advisor

By _____
Title: _____

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLAND BRANCHES

By _____
Title: _____

ELF FUNDING TRUST I

By _____
Title: _____

ELT LTD.

By _____
Title: _____

ERSTE BANK

By _____
Title: _____

EXCEL BANK

By _____
Title: _____

EXPORT DEVELOPMENT CORPORATION

By _____
Title: _____

15

FIFTH THIRD BANK

By _____
Title: _____

FIRST DOMINION FUNDING I

By _____

Title:

FIRST DOMINION FUNDING II

By _____
Title:

FIRST HAWAIIAN BANK

By _____
Title:

FIRST UNION NATIONAL BANK

By _____
Title:

FIRSTAR BANK N.A.

By _____
Title:

FIRSTRUST BANK

By _____
Title:

16

FLEET NATIONAL BANK

By _____
Title:

FRANKLIN FLOATING RATE TRUST

By _____
Title:

FUJI BANK LIMITED

By _____
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By _____
Title:

GLENEAGLES TRADING LLC

By _____
Title: _____

HARCH CLO I, LTD.

By _____
Title: _____

ING SWISS LIFE US RAINBOW LIMITED
By: ING Capital Advisors LLC, as Investment Advisor

By _____
Title: _____

17

INDOSUEZ CAPITAL FUNDING IIA, LTD.
By: Indosuez Capital as Portfolio Advisor

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING IV, L.P.
By: Indosuez Capital as Portfolio Advisor

By _____
Title: _____

KEMPER FLOATING RATE FUND

By _____
Title: _____

KEY BANK NATIONAL ASSOCIATION

By _____
Title: _____

KZH CYPRESSTREE-1 LLC

By _____
Title: _____

KZH ING-1 LLC

By _____
Title: _____

18

KZH ING-2 LLC

By _____
Title: _____

KZH ING-3 LLC

By _____
Title: _____

KZH LANGDALE LLC

By _____
Title: _____

KZH CNC LLC

By _____
Title: _____

KZH SHOSHONE LLC

By _____
Title: _____

KZH STERLING LLC

By _____
Title: _____

IBM CREDIT CORPORATION

By _____
Title: _____

19

MERITA BANK PLC, NEW YORK BRANCH

By _____
Title: _____

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: BANK LOAN INCOME PORTFOLIO

By _____
Title: _____

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: INCOME STRATEGIES PORTFOLIO
By: Merrill Lynch Asset Management, L.P., as
Investment Advisor

By: _____
Title: _____

MERRILL LYNCH SENIOR FLOATING RATE FUND,
INC.

By _____
Title: _____

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By: _____
Title: _____

20

ML CLO XV PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

MORGAN STANLEY SENIOR FUNDING INC.

By _____

Title:

NATIONAL CITY BANK

By _____

Title:

NORTH AMERICAN SENIOR FLOATING RATE FUND

By: CypressTree Investment Management Company, Inc.,
as Portfolio Manager

By _____

Title:

21

OAK MOUNTAIN LIMITED

By: Alliance Capital Management L.P.,
as Investment ManagerBy: Alliance Capital Management Corporation,
as General Partner

By _____

Title:

OLYMPIC FUNDING TRUST, SERIES 1999-1

By _____

Title:

OPPENHEIMER SENIOR FLOATING RATE FUND

By: _____

Title:

OXFORD STRATEGIC INCOME FUND

By _____

Title:

PACIFICA PARTNERS I, L.P.

By: Imperial Credit Asset Management As its
Investment Manager

By: _____

Title:

PILGRIM AMERICA HIGH INCOME
INVESTMENTS LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title: _____

22

PILGRIM CLO 1999-1 LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title: _____

ROYAL BANK OF CANADA

By _____
Title: _____

ROYALTON COMPANY

By: Pacific Investment Management Company, as
its Investment Advisor

By _____
Title: _____

SEQUILES PILGRIM I, LTD.

By: Pilgrim Investments, Inc., As its Investment Manager

By _____
Title: _____

THE PROVIDENT BANK

By _____
Title: _____

THE SUMITOMO BANK, LIMITED

By _____
Title: _____

23

SUMMIT BANK

By _____
Title: _____

SUNTRUST BANK

By _____
Title: _____

TORONTO DOMINION (NEW YORK), INC.

By _____
Title: _____

TRIGON HEALTHCARE INC. (Acct 674)
By Pacific Investment Management Company, as its
Investment Advisor, acting through The Bank of New
York in the Nominee Name of Hare & Co.

By _____
Title: _____

VAN KAMPEN CLO I, LIMITED
By: Van Kampen Management Inc., as Collateral Manager

By _____
Title: _____

VAN KAMPEN CLO II, LIMITED
By: Van Kampen Management Inc., as Collateral Manager

By _____
Title: _____

24

VAN KAMPEN SENIOR FLOATING RATE FUND

By _____
Title: _____

VAN KAMPEN SENIOR INCOME TRUST

By _____
Title: _____

WINGED FOOT FUNDING TRUST

By _____

25

MAPLEWOOD (CAYMEN) LIMITED,
as Assignee
By: Massachusetts Mutual Life Insurance
Company, as Investment Advisor

By _____
Title: _____

MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY,
as Assignee

By _____
Title: _____

SIMSBURY CLO, LIMITED,
as Assignee
By: Massachusetts Mutual Life Insurance
Company, as Collateral Manager

By _____
Title: _____

CITIBANK N.A.

By _____
Title: _____

EATON VANCE SENIOR INCOME TRUST

By _____
Title: _____

FIVE FINANCE CORP

By _____
Title: _____

26

EATON VANCE INSTITUTIONAL
SENIOR LOAN

By _____
Title: _____

27

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 (the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Letter Amendment and Waiver, and/or (ii) Grantor under the Shared Collateral Security Agreement (the "Shared Collateral Security Agreement", and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty") in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty", and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to such Letter Amendment and Waiver and hereby confirms and agrees that (a) notwithstanding the effectiveness of such Letter Amendment and Waiver, each Security Agreement and Guaranty to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES
INC. (f/k/a IXC COMMUNICATIONS SERVICES,
INC.)

By _____
Title:

28

BROADWING COMMUNICATIONS INC. (f/k/a IXC
COMMUNICATIONS, INC.)

By _____
Title:

CINCINNATI BELL SUPPLY COMPANY
CINCINNATI BELL DIRECTORY INC.
CINCINNATI BELL NETWORK SOLUTIONS INC.
ENTERPRISEWISE IT CONSULTING LLC
ZOOMTOWN.COM INC.

By _____
Title:

CINCINNATI BELL LONG DISTANCE INC.

By _____
Title:

CTI LONG LINES INC.

By _____
Title:

CINCINNATI BELL WIRELESS COMPANY

By _____
Title:

29

CINCINNATI BELL HOLDINGS INC.

By _____
Title:

ATLANTIC STATES MICROWAVE
TRANSMISSION COMPANY
CENTRAL STATES MICROWAVE
TRANSMISSION COMPANY
DELAWARE CAPITAL PROVISIONING, INC.
DPNET, INC.
EASTERN TELECOM OF WASHINGTON, D.C.,
INC.
BROADWING TELECOMMUNICATIONS INC.
(f/k/a ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
IXC COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNATIONAL, INC.
IXC INTERNET SERVICES, INC.
IXC LEASING, LLC
NETWORK ADVANCES SERVICES, INC.
RIO GRANDE TRANSMISSION, INC.
TELCOM ENGINEERING, INC.
TELCOM ONE, INC.
THE DATA PLACE, INC.
TOWER COMMUNICATION SYSTEMS CORP.
WEST TEXAS MICROWAVE COMPANY
WESTERN STATES MICROWAVE
TRANSMISSION COMPANY

By _____
Title:

30

NETWORK EVOLUTIONS, INCORPORATED

By _____
Title:

EX-10.11.2 4 j3904_ex10di1d2.htm EX-10.11.2

Exhibit (10)(i)(1.2)

LETTER AMENDMENT NO. 2

Dated as of November 3, 2000

To the banks, financial institutions and other institutional lenders (collectively, the "Lenders") parties to the Credit Agreement referred to below and Bank of America, N.A., as syndication agent, Credit Suisse First Boston ("CSFB") and The Bank of New York ("BNY"), as co-documentation agents, PNC Bank, N.A., collectively with CSFB and BNY, as co-arrangers, and Citicorp USA, Inc., as administrative agent (the "Administrative Agent") for the Lenders under the Credit Agreement

Ladies and Gentlemen:

We refer to the Amendment and Restatement of the Credit Agreement dated as of January 12, 2000 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Credit Agreement") among the undersigned and you. Capitalized terms not otherwise defined in this Letter Amendment have the same meanings as specified in the Credit Agreement.

We hereby request that you amend the Credit Agreement on the terms and conditions set forth herein.

SECTION 1. Amendment to the Credit Agreement. Upon the occurrence of the Amendment Effective Date, Section 2.01(a)(i) of the Credit Agreement is hereby amended by deleting the first sentence therein in its entirety and substituting therefor the following:

"(i) Each Term Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Term Advance") to the Borrowers on any Business Day during the period from the date hereof until January 12, 2001 in an aggregate amount not to exceed the unused portion of such Lender's Term Commitment at such time."

SECTION 2. Conditions Precedent to Effectiveness of this Letter Amendment. This Letter Amendment shall become effective as of the date first above written (the "Amendment Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

(i) The Administrative Agent shall have received counterparts of (i) this Letter Amendment executed by the undersigned and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Letter Amendment, and (ii) the Consent attached hereto executed by each of the Subsidiary Guarantors.

(ii) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment Effective Date, before and after giving effect to this Letter Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment Effective Date, in which case as of such specific date).

(iii) No event shall have occurred and be continuing, or shall result from the effectiveness of this Letter Amendment that constitutes a Default or Event of Default.

(iv) All of the accrued fees and expenses of the Administrative Agent and the Lenders, including

the accrued fees and expenses of counsel for the Administrative Agent, shall have been paid in full.

The effectiveness of this Letter Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Letter Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 3. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Letter Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Letter Amendment.

(b) The Credit Agreement, as specifically amended by this Letter Amendment, the Notes and each of the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Letter Amendment. The execution, delivery and effectiveness of this Letter Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 4. Costs and Expenses. Each of the Borrowers hereby severally agrees to pay, upon demand, all of the reasonable costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in connection with the preparation, execution, delivery, administration, modification and amendment of this Letter Amendment and all of the instruments, agreements

2

and other documents delivered or to be delivered in connection herewith, all in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 5. Execution in Counterparts. This Letter Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Letter Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Letter Amendment.

If you agree to the terms and provisions hereof, please evidence such agreement by executing and returning at least two counterparts of this Letter Amendment to Mark Floyd, Director, Salomon Smith Barney Inc., 390 Greenwich Street, New York, New York 10013.

3

This Letter Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC)

COMMUNICATIONS SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as LenderBy _____
Title:BANK OF AMERICA, N.A.,
as Syndication Agent and as LenderBy _____
Title:Lenders:

CREDIT SUISSE FIRST BOSTON

By _____
Title:

4

THE BANK OF NEW YORK

By _____
Title:

PNC BANK, N.A.

By _____
Title:

ABN AMRO BANK N.V.

By _____
Title:ARCHIMEDES FUNDING, L.L.C.
By: ING Capital Advisors LLC, as Collateral ManagerBy _____
Title:ARCHIMEDES FUNDING II, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title:

ARCHIMEDES FUNDING III, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title:

5

ATHENA CDO, LIMITED
By: Pacific Investment Management Company, as its
Investment Advisor

By _____
Title:

BANK AUSTRIA CREDITANSTALT
CORPORATE FINANCE, INC.

By _____
Title:

BANK OF CHINA, NEW YORK

By _____
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.,
CHICAGO BRANCH

By _____
Title:

BAYERISCHE HYPO-UND VEREINSBANK AG,
NEW YORK BRANCH

By _____
Title:

By _____
Title:

6

CAPTIVA IV FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title:

CAPTIVA III FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title:

CARLYLE HIGH YIELD PARTNER II, LTD.

By _____
Title:

CHANG HWA COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

CHINATRUST COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

7

COMMERCEBANK

By _____
Title:

Citibank International plc as Global Investment Manager
and Group Funding Manager for and on behalf of Five
Finance Corporation

By _____
Title:

CYPRESSTREE INVESTMENT MANAGEMENT
COMPANY, INC.
As: Attorney-in-Fact and on behalf of First
Allmerica Financial Life Insurance Company as
Portfolio Manager

By _____
Title: _____

CYPRESSTREE INSTITUTIONAL FUND LLC
By: CypressTree Investment Management
Company, Inc., its Managing Member

By _____
Title: _____

CYPRESSTREE INVESTMENT FUND LLC
By: CypressTree Investment Management
Company, Inc., its Managing Member

By _____
Title: _____

8

CYPRESSTREE INVESTMENT PARTNERS I, LTD.
By: CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

CYPRESSTREE INVESTMENT PARTNERS II, LTD.
By: CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

DELANO COMPANY
By: Pacific Investment Management Company, as
its Investment Advisor

By _____
Title: _____

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLAND BRANCHES

By _____
Title: _____

ELT LTD.

By _____
Title: _____

9

ERSTE BANK

By _____
Title: _____

EXCEL BANK

By _____
Title: _____

EXPORT DEVELOPMENT CORPORATION

By _____
Title: _____

FIFTH THIRD BANK

By _____
Title: _____

FIRST DOMINION FUNDING I

By _____
Title: _____

FIRST DOMINION FUNDING II

By _____
Title: _____10

FIRST HAWAIIAN BANK

By _____
Title: _____

FIRST UNION NATIONAL BANK

By _____
Title: _____

FIRSTAR BANK N.A.

By _____
Title: _____

FIRSTTRUST BANK

By _____
Title: _____

FLEET NATIONAL BANK

By _____
Title: _____

FRANKLIN FLOATING RATE TRUST

By _____
Title: _____

11

FUJI BANK LIMITED

By _____
Title: _____

GENERAL ELECTRIC CAPITAL CORPORATION

By _____
Title: _____

HARCH CLO I, LTD.

By _____
Title: _____

ING SWISS LIFE US RAINBOW LIMITED

By: ING Capital Advisors LLC, as Investment Advisor

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING IIA, LTD.

By: Indosuez Capital as Portfolio Advisor

By _____
Title: _____

12

INDOSUEZ CAPITAL FUNDING IV, L.P.
By: Indosuez Capital as Portfolio Advisor

By _____
Title:

KEMPER FLOATING RATE FUND

By _____
Title:

KEY BANK NATIONAL ASSOCIATION

By _____
Title:

KZH CYPRESSTREE-1 LLC

By _____
Title:

KZH ING-1 LLC

By _____
Title:

KZH ING-2 LLC

By _____
Title:

13

KZH ING-3 LLC

By _____
Title:

KZH LANGDALE LLC

By _____
Title:

KZH CNC LLC

By _____

Title:

KZH SHOSHONE LLC

By _____

Title:

KZH STERLING LLC

By _____

Title:

IBM CREDIT CORPORATION

By _____

Title:

14

MERITA BANK PLC, NEW YORK BRANCH

By _____

Title:

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: BANK LOAN INCOME PORTFOLIO

By _____

Title:

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: INCOME STRATEGIES PORTFOLIO
By: Merrill Lynch Asset Management, L.P., as Investment
Advisor

By _____

Title:

MERRILL LYNCH SENIOR FLOATING RATE FUND,
INC.

By _____

Title:

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____

Title:

15

ML CLO XV PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

NATIONAL CITY BANK

By _____
Title: _____

NORTH AMERICAN SENIOR FLOATING RATE
FUND
By: CypressTree Investment Management Company, Inc.,
as Portfolio Manager

By _____
Title: _____

OPPENHEIMER SENIOR FLOATING RATE FUND

By _____
Title: _____

16

OXFORD STRATEGIC INCOME FUND

By _____
Title: _____

PACIFICA PARTNERS I, L.P.
By: Imperial Credit Asset Management As its Investment
Manager

By _____
Title: _____

PILGRIM AMERICA HIGH INCOME INVESTMENTS
LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title:

PILGRIM CLO 1999-1 LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title:

ROYAL BANK OF CANADA

By _____
Title:

17

ROYALTON COMPANY

By: Pacific Investment Management Company, as its
Investment Advisor

By _____
Title:

SEQUILES PILGRIM I, LTD.

By: Pilgrim Investments, Inc., As its Investment Manager

By _____
Title:

THE PROVIDENT BANK

By _____
Title:

THE SUMITOMO BANK, LIMITED

By _____
Title:

SUMMIT BANK

By _____
Title:

18

TORONTO DOMINION (NEW YORK), INC.

By _____
Title:

TRIGON HEALTHCARE INC. (Acct 674)
By Pacific Investment Management Company, as its
Investment Advisor, acting through The Bank of New
York in the Nominee Name of Hare & Co.

By _____
Title:

VAN KAMPEN CLO I, LIMITED
By: Van Kampen Management Inc., as Collateral
Manager

By _____
Title:

VAN KAMPEN CLO II, LIMITED
By: Van Kampen Management Inc., as Collateral
Manager

By _____
Title:

VAN KAMPEN SENIOR FLOATING RATE FUND

By _____
Title:

19

VAN KAMPEN SENIOR INCOME TRUST

By _____
Title:

WINGED FOOT FUNDING TRUST

By _____
Title:

MAPLEWOOD (CAYMEN) LIMITED,
as Assignee
By: Massachusetts Mutual Life Insurance Company, as
Investment Advisor

By _____
Title:

MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY,
as Assignee

By _____
Title:

SIMSBURY CLO, LIMITED,
as Assignee
By: Massachusetts Mutual Life Insurance Company, as
Collateral Manager

By _____
Title:

20

CITIBANK N.A.

By _____
Title:

EATON VANCE SENIOR INCOME TRUST

By _____
Title:

FIVE FINANCE CORP

By _____
Title:

EATON VANCE INSTITUTIONAL SENIOR LOAN

By _____
Title:

CAPTIVA FINANCE LTD.

By _____
Title:

CARLYLE HIGH YIELD PARTNERS LP

By _____
Title:

21

CITIZENS BANK OF MASSACHUSETTS

By _____
Title: _____

COBANK, ACB

By _____
Title: _____

GRAYSON & CO.

By _____
Title: _____

GREAT POINT CLO 1999-1 LTD.

By _____
Title: _____

HARBORVIEW CDO 11 LTD.

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING V1, LTD.

By _____
Title: _____

22

NEMEAN CLO, LTD.

By _____
Title: _____

PILGRIM PRIME RATE TRUST

By _____
Title: _____

SANKATY HIGH YIELD ASSET PARTNERS, L.P.

By _____
Title:

SANKATY HIGH YIELD ASSET PARTNERS 11, L.P.

By _____
Title:

SENIOR DEBT PORTFOLIO

By _____
Title:

23

SUMITOMO TRUST AND BANKING CO., LTD.

By _____
Title:

UNITED WORLD CHINESE COMMERCIAL BANK

By _____
Title:

TYLER TRADING, INC.

By _____
Title:

24

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Letter Amendment, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement", and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty") in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty", and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to such Letter Amendment and hereby confirms and agrees that (a) notwithstanding the effectiveness of such Letter Amendment, each Security Agreement and Guaranty to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title:

25

BROADWING COMMUNICATIONS INC. (f/k/a IXC
COMMUNICATIONS, INC.)

By _____
Title:

CINCINNATI BELL SUPPLY COMPANY
CINCINNATI BELL DIRECTORY INC.
CINCINNATI BELL NETWORK SOLUTIONS INC.
ENTERPRISEWISE IT CONSULTING LLC
ZOOMTOWN.COM INC.

By _____
Title:

CINCINNATI BELL LONG DISTANCE INC.

By _____
Title:

CTI LONG LINES INC.

By _____
Title:

CINCINNATI BELL WIRELESS COMPANY

By _____
Title:

26

CINCINNATI BELL HOLDINGS INC.

By _____
Title:

ATLANTIC STATES MICROWAVE TRANSMISSION
COMPANY
CENTRAL STATES MICROWAVE TRANSMISSION
COMPANY
DELAWARE CAPITAL PROVISIONING, INC.
DPNET, INC.
EASTERN TELECOM OF WASHINGTON, D.C., INC.
BROADWING TELECOMMUNICATIONS INC. (f/k/a
ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
IXC COMMUNICATIONS SERVICES OF VIRGINIA,
INC.
IXC INTERNATIONAL, INC.
IXC INTERNET SERVICES, INC.
IXC LEASING, LLC
NETWORK ADVANCES SERVICES, INC.
RIO GRANDE TRANSMISSION, INC.
TELCOM ENGINEERING, INC.
TELECOM ONE, INC.
THE DATA PLACE, INC.
TOWER COMMUNICATION SYSTEMS CORP.
WEST TEXAS MICROWAVE COMPANY
WESTERN STATES MICROWAVE TRANSMISSION
COMPANY

By _____
Title:

27

NETWORK EVOLUTIONS, INCORPORATED

By _____
Title:

28

EX-10.11.3 5 j3904_ex10dild3.htm EX-10.11.3

Exhibit (10)(i)(1.3)
EXECUTION COPY**LETTER AMENDMENT AND WAIVER NO. 3**Dated as of June 12,
2001

To the banks, financial institutions and other institutional lenders (collectively, the "Lenders") parties to the Credit Agreement referred to below and Bank of America, N.A., as syndication agent, Credit Suisse First Boston ("CSFB") and The Bank of New York ("BNY"), as co-documentation agents, PNC Bank, N.A., collectively with CSFB and BNY, as co-arrangers, and Citicorp USA, Inc., as administrative agent (the "Administrative Agent") for the Lenders under the Credit Agreement

Ladies and Gentlemen:

We refer to the Amendment and Restatement of the Credit Agreement dated as of January 12, 2000 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 and Letter Amendment No. 2 dated as of November 3, 2000 (as amended, the "Credit Agreement") among Broadwing Inc. ("Broadwing") and Broadwing Communications Services Inc., as Borrowers, and you. Capitalized terms not otherwise defined in this Letter Amendment and Waiver No. 3 (this "Letter Amendment") have the same meanings as specified in the Credit Agreement.

We hereby request that you waive certain Events of Default which may have occurred and amend the Credit Agreement on the terms and conditions set forth herein.

SECTION 1. Amendment to the Credit Agreement. Upon the occurrence of the Amendment No. 3 Effective Date, clause (v) of the definition of "Consolidated EBITDA" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(v) all non-cash, non-recurring charges deducted in determining the consolidated net income of such Person and its Subsidiaries for such period in an amount not to exceed \$100,000,000 in aggregate for the four consecutive fiscal quarters ended on or immediately prior to the date of determination (excluding from such dollar limit all non-cash losses with respect to the decrease in value of the equity investments in PSINet Inc., Applied Theory Corporation and ZeroPlus.com, Inc. reflected in the financial statements of Broadwing in Fiscal Year 2000) and all extraordinary losses

deducted in determining the consolidated net income of such Person and its Subsidiaries for such period (provided that any cash payment made with respect to any such non-cash charge shall be subtracted in computing Consolidated EBITDA during the period in which such cash payment is made) less all extraordinary gains and non-cash, non-recurring gains added in determining the consolidated net income of such Person and its Subsidiaries for such period, in each case determined in accordance with GAAP for such period."

SECTION 2. Waiver under the Credit Agreement. We hereby request that you waive any Default or Event of Default which may have occurred under Sections 5.04(a), (b) and (d) of the Credit Agreement for

the fourth fiscal quarter of Fiscal Year 2000 and the first fiscal quarter of the Fiscal Year 2001 as a result of including non-cash losses with respect to the decrease in value of the equity investments in PSINet Inc., Applied Theory Corporation and ZeroPlus.com, Inc. in the calculation of EBITDA for such periods.

SECTION 3. Conditions Precedent to Effectiveness of this Letter Amendment. This Letter Amendment shall become effective as of the date first above written (the "Amendment No. 3 Effective Date"), when and only when, each of the following conditions precedent shall have been satisfied:

- (a) The Administrative Agent shall have received counterparts of (x) this Letter Amendment executed by the undersigned, the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Letter Amendment, and (y) the Consent attached hereto executed by each of the Subsidiary Guarantors;
- (b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 3 Effective Date, before and after giving effect to this Letter Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 3 Effective Date, in which case as of such specific date);
- (c) No event shall have occurred and be continuing, or shall result from the effectiveness of this Letter Amendment that constitutes a Default or Event of Default other than the Defaults and Events of Default expressly waived under Section 2; and
- (d) All of the accrued fees and expenses of the Administrative Agent and the Lenders, including the accrued fees and expenses of counsel for the Administrative Agent shall have been paid in full.

2

The effectiveness of this Letter Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Letter Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 4. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Letter Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Letter Amendment.

(b) The Credit Agreement, as specifically amended by this Letter Amendment, the Notes and each of the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, as amended by this Letter Amendment. The execution, delivery and effectiveness of this Letter Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor, except as expressly provided herein, constitute a waiver of any provision of any of the Loan Documents.

SECTION 5. Costs and Expenses. Each of the Borrowers hereby severally agrees to pay, upon demand, all of the reasonable costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in connection with the preparation, execution, delivery, administration, modification and amendment of this Letter Amendment and all of the instruments, agreements and other documents delivered or to be delivered in connection herewith, all in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Letter Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be

deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Letter Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Letter Amendment.

If you agree to the terms and provisions hereof, please evidence such agreement by executing and returning at least two counterparts of this Letter Amendment to John Judge, Director, Salomon Smith Barney Inc., 390 Greenwich Street, New York, New York 10013.

3

This Letter Amendment and Waiver shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC COMMUNICATIONS
SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title:

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title:

4

Lenders:

CREDIT SUISSE FIRST BOSTON

By _____
Title:

THE BANK OF NEW YORK

By _____
Title:

PNC BANK, N.A

By _____
Title:

ABN AMRO BANK N.V.

By _____
Title:

ARCHIMEDES FUNDING, L.L.C.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title:

ARCHIMEDES FUNDING II, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title:

5

ARCHIMEDES FUNDING III, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title:

ATHENA CDO, LIMITED

By Pacific Investment Management Company, as its
Investment Advisor

By _____
Title:

BANK AUSTRIA CREDITANSTALT
CORPORATE FINANCE, INC.

By _____
Title:

BANK OF CHINA, NEW YORK

By _____
Title:

THE BANK OF TOKYO-MITSUBISHI, LTD.,
CHICAGO BRANCH

By _____
Title:

6

BAYERISCHE HYPO-UND VEREINSBANK AG,
NEW YORK BRANCH

By _____
Title:

By _____
Title:

CAPTIVA IV FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title:

CAPTIVA III FINANCE LTD., as advised by
Pacific Investment Management Company

By _____
Title: _____

CHANG HWA COMMERCIAL BANK, LTD.
New York Branch

By _____
Title: _____

CHASE MANHATTAN BANK FOR KZH

By _____
Title: _____

7

CHINATRUST COMMERCIAL BANK, LTD.
New York Branch

By _____
Title: _____

COMMERCEBANK

By _____
Title: _____

CYPRESSTREE INVESTMENT PARTNERS I, LTD.
By CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

CYPRESSTREE INVESTMENT PARTNERS II, LTD.
By CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

DELANO COMPANY
By Pacific Investment Management
Company, as its Investment Advisor

By _____
Title: _____

8

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLAND BRANCHES

By _____
Title: _____

ELT LTD.

By _____
Title: _____

ERSTE BANK

By _____
Title: _____

EXCEL BANK

By _____
Title: _____

EXPORT DEVELOPMENT CORPORATION

By _____
Title: _____

FIFTH THIRD BANK

By _____
Title: _____

FIRST DOMINION FUNDING I

By _____
Title: _____

9

FIRST DOMINION FUNDING II

By _____
Title:

FIRST HAWAIIAN BANK

By _____
Title:

FIRST UNION NATIONAL BANK

By _____
Title:

FIRSTAR BANK N.A.

By _____
Title:

FIRSTRUST BANK

By _____
Title:

FLEET NATIONAL BANK

By _____
Title:

FUJI BANK LIMITED

By _____
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By _____
Title:

HARCH CLO I, LTD.

By _____
Title:

ING SWISS LIFE US RAINBOW LIMITED
By ING Capital Advisors LLC, as Investment Advisor

By _____
Title:

INDOSUEZ CAPITAL FUNDING IIA, LTD.
By Indosuez Capital as Portfolio Advisor

By _____
Title:

INDOSUEZ CAPITAL FUNDING IV, L.P.
By Indosuez Capital as Portfolio Advisor

By _____
Title:

KEMPER FLOATING RATE FUND

By _____
Title:

11

KEY BANK NATIONAL ASSOCIATION

By _____
Title:

KZH CYPRESSTREE-1 LLC

By _____
Title: _____

KZH ING-1 LLC

By _____
Title: _____

KZH ING-2 LLC

By _____
Title: _____

KZH ING-3 LLC

By _____
Title: _____

KZH CNC LLC

By _____
Title: _____

KZH STERLING LLC

By _____
Title: _____

12

IBM CREDIT CORPORATION

By _____
Title: _____

MERITA BANK PLC, NEW YORK BRANCH

By _____
Title: _____

By _____
Title: _____

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: BANK LOAN INCOME PORTFOLIO

By _____
Title:

MERRILL LYNCH GLOBAL INVESTMENT
SERIES: INCOME STRATEGIES PORTFOLIO

By: Merrill Lynch Asset Management, L.P., as
Investment Advisor

By _____
Title:

MERRILL LYNCH SENIOR FLOATING RATE
FUND, INC.

By _____
Title:

13

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment
Manager

By _____
Title:

ML CLO XV PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment
Manager

By _____
Title:

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment
Manager

By _____
Title:

NATIONAL CITY BANK

By _____
Title: _____

NORTH AMERICAN SENIOR FLOATING RATE
FUND

By: CypressTree Investment Management
Company, Inc., as Portfolio Manager

By _____
Title: _____

OPPENHEIMER SENIOR FLOATING RATE FUND

By _____
Title: _____

14

OXFORD STRATEGIC INCOME FUND

By _____
Title: _____

PACIFICA PARTNERS I, L.P.

By: Imperial Credit Asset Management, as its
Investment Manager

By _____
Title: _____

PILGRIM AMERICA HIGH INCOME INVESTMENTS
LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title: _____

PILGRIM CLO 1999-1 LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title: _____

ROYAL BANK OF CANADA

By _____
Title: _____

ROYALTON COMPANY

By: Pacific Investment Management Company, as its
Investment Advisor

By _____
Title: _____

15

SEQUILES PILGRIM I, LTD.

By: Pilgrim Investments, Inc., as its Investment
Manager

By _____
Title: _____

THE PROVIDENT BANK

By _____
Title: _____

THE SUMITOMO BANK, LIMITED

By _____
Title: _____

SUMMIT BANK

By _____
Title: _____

TORONTO DOMINION (NEW YORK), INC.

By _____
Title: _____

VAN KAMPEN CLO I, LIMITED

By: Van Kampen Management Inc., as Collateral
Manager

By _____
Title: _____

16

VAN KAMPEN CLO II, LIMITED
By: Van Kampen Management Inc., as Collateral
Manager

By _____
Title: _____

VAN KAMPEN SENIOR INCOME TRUST

By _____
Title: _____

WINGED FOOT FUNDING TRUST

By _____
Title: _____

MAPLEWOOD (CAYMAN) LIMITED, as Assignee
By: Massachusetts Mutual Life Insurance Company, as
Investment Advisor

By _____
Title: _____

MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY, as Assignee

By _____
Title: _____

17

SIMSBURY CLO, LIMITED, as Assignee
By: Massachusetts Mutual Life Insurance Company, as
Collateral Manager

By _____
Title:

CITIBANK N.A.

By _____
Title:

EATON VANCE SENIOR INCOME TRUST

By _____
Title:

Citibank, N.A. as additional Investment Manager for
and on behalf of FIVE FINANCE CORPORATION

By _____
Title:

EATON VANCE INSTITUTIONAL SENIOR LOAN

By _____
Title:

CAPTIVA FINANCE LTD.

By _____
Title:

18

CITIZENS BANK OF MASSACHUSETTS

By _____
Title:

COBANK, ACB

By _____

Title:

GRAYSON & CO.

By _____
Title:

GREAT POINT CLO 1999-1 LTD.

By _____
Title:

INDOSUEZ CAPITAL FUNDING V1, LTD.

By _____
Title:

NEMEAN CLO, LTD.

By _____
Title:

PILGRIM PRIME RATE TRUST

By _____
Title:

19

SANKATY HIGH YIELD ASSET PARTNERS II, L.P.

By _____
Title:

SENIOR DEBT PORTFOLIO

By _____
Title:

SUMITOMO TRUST AND BANKING CO., LTD.

By _____

Title:

UNITED WORLD CHINESE COMMERCIAL BANK

By _____
Title:

TYLER TRADING, INC.

By _____
Title:

ADDISON CDO, LIMITED

By _____
Title:

AMMC CDO II, LIMITED

By _____
Title:

20

BAYERISCHE LANDESBANK GIROZENTRALE
CAYMAN ISLANDS BRANCH

By _____
Title:

CARLYLE HIGH YIELD PARTNERS III, LTD.

By _____
Title:

CENTURION CDO II, LTD.

By _____
Title:

CENTURION CDO III, LTD.

By _____
Title: _____

CHARTER VIEW PORTFOLIO

By _____
Title: _____

DIVERSIFIED CREDIT PORTFOLIO LTD.

By _____
Title: _____

EAST WEST BANK

By _____
Title: _____

21

IKB CAPITAL CORPORATION

By _____
Title: _____

ING PILGRIM SENIOR INCOME FUND

By _____
Title: _____

JISSEKIKUN FUNDING, LTD.

By _____
Title: _____

LBS BANK NEW YORK

By _____
Title: _____

NATIONAL WESTMINSTER BANK PLC

By _____
Title: _____

PHOENIX FUNDING LIMITED

By _____
Title: _____

22

RIVIERA FUNDING LLC

By _____
Title: _____

SEQUILLS-CENTURION V, LTD.

By _____
Title: _____

THERMOPYLAE FUNDING CORP.

By _____
Title: _____

WEBSTER BANK

By _____
Title: _____

23

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Letter Amendment, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement"), and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty") in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty"), and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to such Letter Amendment and hereby confirms and agrees that (a) notwithstanding the effectiveness of such Letter Amendment, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and

effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES
INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title:

24

BROADWING COMMUNICATIONS INC.
(f/k/a IXC COMMUNICATIONS, INC.)

By _____
Title:

CINCINNATI BELL DIRECTORY INC.
BROADWING IT CONSULTING INC.
ZOOMTOWN.COM INC.

By _____
Title:

CINCINNATI BELL WIRELESS COMPANY

By _____
Title:

BROADWING HOLDINGS INC.

By _____
Title:

CINCINNATI BELL ANY DISTANCE INC.

By _____
Title:

CINCINNATI BELL PUBLIC COMMUNICATIONS
INC.

By _____
Title:

25

ATLANTIC STATES MICROWAVE
TRANSMISSION COMPANY
CENTRAL STATES MICROWAVE TRANSMISSION
COMPANY
BROADWING TELECOMMUNICATIONS INC.
(f/k/a ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
BROADWING COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNATIONAL, INC.
IXC INTERNET SERVICES, INC.
RIO GRANDE TRANSMISSION, INC.
TELCOM ENGINEERING, INC.
THE DATA PLACE, INC.
TOWER COMMUNICATION SYSTEMS CORP.
WEST TEXAS MICROWAVE COMPANY
WESTERN STATES MICROWAVE TRANSMISSION
COMPANY
BROADWING LOCAL SERVICES INC.

By _____
Title:

26

EX-10.I1.4 6 j3904_ex10di1d4.htm EX-10.I1.4

Exhibit (10)(i)(1.4)

FOURTH AMENDMENT TO
AMENDMENT AND RESTATEMENT OF THE CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO AMENDMENT AND RESTATEMENT OF THE CREDIT AGREEMENT, dated as of June 27, 2001 (this "**Amendment**"), is made by and among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("**Broadwing**"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("**Broadwing Communications Services**"), and together with Broadwing are each individually referred to as a "**Borrower**" and collectively referred to as the "**Borrowers**", the Incremental Lenders (such capitalized term and all other capitalized terms not otherwise defined herein shall have the meanings provided for in Article I below) parties hereto (the "**Incremental Term C Lenders**"), BANK OF AMERICA, N.A., as an Issuing Bank and as syndication agent (in such capacity, the "**Syndication Agent**"), and CITICORP USA, INC., as an Issuing Bank and as administrative agent (in such capacity, the "**Administrative Agent**") for the Lenders.

W I T N E S S E T H:

WHEREAS, the Borrowers, the Lenders, the Agents and the other agents named therein are parties to the Amendment and Restatement of the Credit Agreement, dated as of January 12, 2000 (as amended by the Letter Amendment and Waiver No. 1, dated as of May 17, 2000, the Letter Amendment No. 2, dated as of November 3, 2000, the Letter Amendment and Waiver No. 3, dated as of June 12, 2001, and as further amended, supplemented, amended and restated or otherwise modified prior to the date hereof, the "**Credit Agreement**");

WHEREAS, each of the Borrowers desires to increase the aggregate principal amount of Term Advances made under the Credit Agreement up to an aggregate amount of \$1,400,000,000 and obtain from the Incremental Term C Lenders an Incremental Commitment pursuant to which a single Borrowing of Incremental Term C Advances up to a maximum aggregate principal amount of \$200,000,000 will be made on the Incremental Term C Facility Amendment Effective Date;

WHEREAS, each of the Borrowers desires to amend the Credit Agreement to extend to the Borrowers an Incremental Commitment for Incremental Term C Advances and to modify certain provisions contained in the Credit Agreement, as described below; and

WHEREAS, the Incremental Term C Lenders, the Issuing Banks and the Agents are willing, on the terms and subject to the conditions set forth below, to amend certain provisions of the Credit Agreement as provided below (the Credit Agreement, as amended and otherwise

modified pursuant to the terms of this Amendment, being referred to as the "**Amended Credit Agreement**");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, each of the Borrowers, the Incremental Term C Lenders, the Issuing Banks and the Agents hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms (whether or not underscored) when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"**Amended Credit Agreement**" is defined in the fourth recital.

"**Amendment**" is defined in the preamble.

"Borrower" and "Borrowers" are defined in the preamble.

"Broadwing" is defined in the preamble.

"Broadwing Communications Services" is defined in the preamble.

"Credit Agreement" is defined in the first recital.

"Incremental Term C Facility Amendment Effective Date" is defined in Article III.

"Incremental Term C Facility Arranger" means CSFB in its capacity as lead arranger of the Incremental Term C Facility.

"Incremental Term C Lenders" is defined in the preamble.

"Relevant Loan Party" is defined in Section 3.3.

SECTION 1.2. Other Definitions. Terms for which meanings are provided in the Amended Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment with such meanings.

2

ARTICLE II

AMENDMENTS TO CREDIT AGREEMENT

Subject to the satisfaction of the conditions set forth in Article III, effective as of the Incremental Term C Facility Amendment Effective Date, the Credit Agreement is hereby amended or otherwise modified in accordance with this Article II.

SECTION 2.1. Amendment to Preliminary Statements of the Credit Agreement. The Preliminary Statements of the Credit Agreement are hereby amended by inserting in such Preliminary Statements the following paragraph in appropriate numerical order:

"(6) The Borrowers have requested the addition of a successive Incremental Facility (the "Incremental Term C Facility") pursuant to Section 2.05(c) in an aggregate principal amount of \$200,000,000, which Facility shall be a Term Facility for all purposes hereunder and, unless otherwise provided, all references to the Term Facility and Term Advances shall be deemed to include references to the Incremental Term C Facility as the context requires."

SECTION 2.2. Amendments to Section 1.01 of the Credit Agreement. Section 1.01 of the Credit Agreement is hereby amended as follows:

(a) by inserting in such Section the following definitions in the appropriate alphabetical order:

"CSFB Fee Letter" means the confidential fee letter, dated May 21, 2001, from CSFB to the Borrowers."

"Incremental Term C Advance" has the meaning specified in Section 2.01(a)(iii)."

"Incremental Term C Commitment" means, with respect to an Incremental Term C Lender, its Incremental Commitment with respect to the Incremental Term C Facility."

"Incremental Term C Facility" has the meaning specified in Preliminary Statement (6)."

"Incremental Term C Facility Amendment Effective Date" has the meaning specified in the Fourth Amendment to Amendment and Restatement of the Credit Agreement, dated as of June 27,

2001, made by and among each of the Borrowers, the Incremental Term C Lenders and the Agents.”

3

“**Incremental Term C Facility Termination Date**’ means the earlier of June 29, 2007 and the date of termination in whole of the Incremental Commitments with respect to the Incremental Term C Facility pursuant to Section 2.05 or 7.01.”

“**Incremental Term C Lender**’ means each Lender that has an Incremental Term C Commitment.”

(b) by amending the definition of “**Applicable Margin**” set forth in such Section 1.01 to re-letter existing clause (ii) thereof as clause (iii) and insert a new clause (ii) immediately after existing clause (i) thereof and prior to the word “and” preceding re-lettered clause (iii) thereof to read in its entirety as follows:

“, (ii) in the case of the Incremental Term C Facility, 2.75% per annum for Eurodollar Rate Advances and 1.50% per annum for Base Rate Advances”;

(c) by amending the definition of “**Incremental Advance**” set forth in such Section 1.01 to insert the section reference of “, 2.01(a)(iii)” immediately following the section reference of “2.01(a)(ii)” therein;

(d) by amending the definition of “**Incremental Commitment**” set forth in such Section 1.01 in its entirety to read as follows:

“**Incremental Commitment**’ means, with respect to any Incremental Lender or Incremental Term C Lender at any time, the aggregate amount set forth opposite such Lender’s name on Schedule 1 hereto under the caption “Incremental Commitment” or “Incremental Term C Commitment”, as the case may be, or, if such Lender has entered into one or more Assignment and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 9.07(d) as such Lender’s “Incremental Commitment” or “Incremental Term C Commitment”, as the case may be, in each case as such amount may be reduced at or prior to such time pursuant to Section 2.05.”

(e) by amending clauses (a)(v) and (b)(v) of the definition of “**Loan Documents**” set forth in such Section 1.01 to insert the words “and the CSFB Fee Letter” immediately after the term “Fee Letter” in such clauses;

(f) by amending the definition of “**Term Advances**” set forth in such Section 1.01 to replace the word “and” with a comma and insert the words “and Incremental Term C Advances” immediately following the term “Incremental Term B Advances” therein; and

4

(g) by amending the definition of “**Termination Date**” set forth in such Section 1.01 to insert the parenthetical “(other than the Incremental Term C Facility)” immediately after the term “Facility” in clause (ii) thereof.

SECTION 2.3. Amendment to Section 2.01(a) of the Credit Agreement. Section 2.01(a) of the Credit Agreement is hereby amended by inserting a new clause (iii) at the end of such Section 2.01 (a) to read in its entirety as follows:

“(iii) Each Incremental Term C Lender severally agrees, on the terms and conditions hereinafter set forth, to make a single advance (each an “**Incremental Term C Advance**”) to the Borrowers on the Incremental Term C Facility Amendment Effective Date in an amount not to exceed such Incremental Term C Lender’s Incremental Term C Commitment at such time. The Incremental Borrowing under the Incremental Term C Facility shall consist of Incremental Term C Advances made simultaneously by the Incremental Term

C Lenders ratably according to their Incremental Term C Commitments. Amounts borrowed under this Section 2.01(a)(iii) and repaid or prepaid may not be reborrowed.”

SECTION 2.4. Amendment to Section 2.04(a) of the Credit Agreement. Section 2.04(a) of the Credit Agreement is hereby amended by inserting a new clause (iii) at the end of such Section 2.04(a) to read in its entirety as follows:

“(iii) The Borrowers shall repay to the Administrative Agent for the ratable account of the Incremental Term C Lenders the aggregate outstanding principal amount of the Incremental Term C Advances on the following dates in an amount equal to the percentage of the aggregate principal amount of all of the Incremental Term C Advances outstanding on the second anniversary of the date of the Amendment and Restatement set forth opposite such dates (in each case which amounts shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.06):

Date	Percentage
March 28, 2002	0.25 %
June 27, 2002	0.25 %
September 27, 2002	0.25 %
December 30, 2002	0.25 %
March 29, 2003	0.25 %
June 27, 2003	0.25 %
September 29, 2003	0.25 %
December 30, 2003	0.25 %
March 30, 2004	0.25 %
June 29, 2004	0.25 %
September 29, 2004	0.25 %
December 30, 2004	0.25 %
March 30, 2005	0.25 %
June 29, 2005	0.25 %
September 29, 2005	0.25 %
December 30, 2005	0.25 %
March 30, 2006	0.25 %
June 29, 2006	0.25 %
September 29, 2006	23.875 %
December 30, 2006	23.875 %
March 30, 2007	23.875 %
June 29, 2007	23.875 %

5

provided, however, that, notwithstanding the foregoing provisions of this Section 2.04(a)(iii), the final principal repayment installment of the Incremental Term C Advances shall be repaid in full on the Incremental Term C Facility Termination Date and in any event shall be in an amount equal to the aggregate principal amount of all Incremental Term C Advances outstanding on such date.”

SECTION 2.5. Amendment to Section 2.06 (c) of the Credit Agreement. Section 2.06(c) of the Credit Agreement is hereby amended by (i) replacing the term “Incremental Facility” in the first and second lines of such Section 2.06(c) with the term “Incremental Facilities”, (ii) replacing the word “and” in the third line of such Section 2.06(c) with a comma and (iii) inserting the words “and the Incremental Term C Advances then outstanding” immediately following the words “the Incremental Term B Advances then outstanding” in the third line of such Section

2.06(c).

SECTION 2.6. Amendment to Schedule I to the Credit Agreement. Schedule I to the Credit Agreement is hereby amended by adding thereto each Incremental Term C Lender's name and the aggregate principal amounts set forth opposite such Incremental Term C Lender's name under the caption "Incremental Term C Commitment" on Exhibit A hereto.

SECTION 2.7. Amendment of Exhibit A-2 to the Credit Agreement. Exhibit A-2 to the Credit Agreement is hereby modified solely for the purpose of Incremental Term C Advances as set forth in Exhibit B hereto.

6

SECTION 2.8. Agreement. Each of the Borrowers and the Administrative Agent agree that, with respect to assignments by an Incremental Term C Lender with respect to the Incremental Term C Facility that would be subject to the limitations set forth in clause (ii) of the proviso set forth in Section 9.07(a) of the Credit Agreement, the reference to "\$5,000,000" in such clause (ii) shall be deemed to be "\$1,000,000". In addition, each of the Borrowers and the Administrative Agent agree that clause (vi) of such proviso is not applicable to assignments of the Incremental Term C Commitment.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND BORROWING OF INCREMENTAL TERM C ADVANCES

This Amendment, the amendments and modifications contained herein, and the obligation of each Incremental Term C Lender to make an Incremental Term C Advance shall be and shall become effective as of the date each of the conditions set forth in this Article III are satisfied to the satisfaction of the Administrative Agent and/or the Incremental Term C Facility Arranger as specified in the specific Section below (such date being herein called the "Incremental Term C Facility Amendment Effective Date").

SECTION 3.1. Execution of Counterparts. The Administrative Agent and the Incremental Term C Facility Arranger shall have received counterparts of this Amendment, duly executed and delivered on behalf of each of the Borrowers, each of the Incremental Term C Lenders, the Issuing Banks and the Agents.

SECTION 3.2. Resolutions. The Administrative Agent and the Incremental Term C Facility Arranger (with sufficient copies for each Incremental Term C Lender) shall have received certified copies of the resolutions of the Board of Directors (or persons performing similar functions), or, in the case of wholly owned Subsidiaries, action by unanimous written consent of the sole shareholder, of each Loan Party approving the Borrowing of Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, this Amendment and each other Loan Document delivered in connection with this Amendment to which it is or is to be a party and the other transactions contemplated by any of the foregoing, and of all documents evidencing other necessary corporate action and governmental and other third party approvals, consents, authorizations, notices and filings of actions with respect to the Borrowing of Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, this Amendment and each other Loan Document delivered in connection with this Amendment to which it is or is to be a party.

SECTION 3.3. Certificates of Secretary of State. The Administrative Agent and the Incremental Term C Facility Arranger (with sufficient copies for each Incremental Term C Lender) shall have received copies of a certificate of the Secretary of State of the jurisdiction of

7

incorporation (or organization) of each of the Borrowers, the Company, CBT and Cincinnati Bell Wireless Company (each such Loan Party individually referred to as a "Relevant Loan Party"), dated reasonably near the Incremental Term C Facility Amendment Effective Date, certifying (A) as to a true and correct copy of the charter (or similar constitutive document) of such Relevant Loan Party and each amendment thereto on file in such Secretary's office and

(B) that (1) such amendments are the only amendments to such Relevant Loan Party's charter on file in such Secretary's office, (2) such Relevant Loan Party has paid all franchise taxes to the date of such certificate and (C) such Relevant Loan Party is duly incorporated (or organized) and in good standing or presently subsisting under the laws of the State of the jurisdiction of its incorporation (or organization).

SECTION 3.4. Officer's Certificates. The Administrative Agent and the Incremental Term C Facility Arranger (with sufficient copies for each Incremental Term C Lender) shall have received a certificate of each Relevant Loan Party, signed on behalf of such Relevant Loan Party by its President or a Vice President or Treasurer and its Secretary or any Assistant Secretary (or persons performing similar functions), dated the Incremental Term C Facility Amendment Effective Date (the statements made in which certificate shall be true on and as of the Incremental Term C Facility Amendment Effective Date), certifying as to (A) the absence of any amendments to the charter, articles of incorporation or certificate of formation, as applicable, of such Relevant Loan Party since the date of the Secretary of State's certificate referred to in Section 3.3, (B) a true and correct copy of the bylaws or limited liability company agreement, as applicable, of such Relevant Loan Party (other than CBT) as in effect on the date on which the resolutions, or actions by written consent, as applicable, referred to in Section 3.2 were adopted and on the Incremental Term C Facility Amendment Effective Date, (C) no proceeding for dissolution or liquidation of such Relevant Loan Party has been commenced by such Relevant Loan Party, (D) the truth of the representations and warranties contained in this Amendment and the other Loan Documents delivered in connection with this Amendment as they relate to such Relevant Loan Party as though made on and as of the Incremental Term C Facility Amendment Effective Date (except to the extent they expressly relate to an earlier date, in which case certifying that such representations and warranties are true and correct as of such earlier date) and (E) the absence of any event relating to such Relevant Loan Party occurring and continuing, or reasonably expected to result from the Borrowing of Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, that constitutes a Default.

SECTION 3.5. Incumbency Certificates. The Administrative Agent and the Incremental Term C Facility Arranger (with sufficient copies for each Incremental Term C Lender) shall have received a certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers, partners, members or equivalent persons of such Loan Party authorized to sign this Amendment and each other Loan Document delivered in connection with this Amendment to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

8

SECTION 3.6. Delivery of Incremental Notes. The Incremental Term C Facility Arranger (with sufficient copies for the Administrative Agent) shall have received Incremental Notes payable to the Incremental Term C Lenders that have requested such Incremental Notes prior to the Incremental Term C Facility Amendment Effective Date.

SECTION 3.7. Delivery of Notice of Borrowing. The Administrative Agent and the Incremental Term C Facility Arranger shall have received a Notice of Borrowing relating to the Incremental Term C Advances, duly executed and delivered by the relevant Borrower.

SECTION 3.8. Incremental Term C Facility Amendment Effective Date Certificate. The Administrative Agent and the Incremental Term C Facility Arranger shall have received, with counterparts for each of the Incremental Term C Lenders, a certificate, dated as of the Incremental Term C Facility Amendment Effective Date, appropriately completed and duly executed and delivered by a Responsible Officer of each of the Borrowers and substantially in the form of Annex I hereto.

SECTION 3.9. Acknowledgment. The Administrative Agent and the Incremental Term C Facility Arranger (with sufficient copies for each Incremental Term C Lender) shall have received an acknowledgment, dated as of the Incremental Term C Facility Amendment Effective Date and in form and substance satisfactory to each of them, duly executed and delivered by Broadwing and each of the Subsidiary Guarantors and substantially in the form of Annex II hereto.

SECTION 3.10. Consents and Approvals. All governmental, shareholder and third party consents (including satisfaction of the procedures set forth in Section 2.05(c) of the Credit Agreement) and approvals and authorizations of, notices and filings to or with, and other actions by any other Person necessary or determined by the Incremental Term C Facility Arranger to be desirable in connection with the Borrowing of Incremental Term C Advances on the Incremental

Term C Facility Amendment Effective Date or any transaction contemplated by this Amendment, shall have been obtained (without the imposition of any conditions that are not acceptable to the Incremental Term C Facility Arranger) and shall remain in effect; and no action shall have been taken by any competent authority, and no law or regulation shall be applicable in the judgment of the Incremental Term C Facility Arranger, in each case that could reasonably be expected to restrain, prevent or impose materially adverse conditions upon such Borrowing or the consummation of the transactions contemplated by this Amendment.

SECTION 3.11. Litigation. No action, suit, investigation, litigation or proceeding affecting any Borrower or any of their respective Subsidiaries is pending or, to the best knowledge of any Borrower or any of their respective Subsidiaries, threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Amendment or the consummation of the transactions contemplated by this Amendment.

9

SECTION 3.12. Debt Rating. The Incremental Term C Facility Arranger shall have received evidence satisfactory to it that the Debt of the Borrowers under the Credit Agreement is rated at least BB+ by S&P and at least Ba1 by Moody's.

SECTION 3.13. Opinions of Counsel. The Administrative Agent, the Incremental Term C Facility Arranger and each Incremental Term C Lender under the Incremental Term C Facility shall have received a favorable opinion of Cravath, Swaine & Moore, with respect to this Amendment and each Loan Document executed by Broadwing in connection with the Borrowing of Incremental Term C Advances, Frost Brown & Todd LLC, with respect to the Broadwing entities (excluding those issues addressed in the Steptoe & Johnson LLP opinion), Steptoe & Johnson LLP, with respect to certain regulatory issues related to the Broadwing entities and O'Melveny & Myers LLP, with respect to the Broadwing Communications Inc. entities, each dated the Incremental Term C Facility Amendment Effective Date and addressed to the Administrative Agent, the Incremental Term C Facility Arranger and each Incremental Term C Lender, in the form reasonably acceptable to the Incremental Term C Facility Arranger.

SECTION 3.14. Fees and Expenses. The Administrative Agent and the Incremental Term C Facility Arranger shall have received all fees and expenses due and payable pursuant to Section 5.4 (to the extent then invoiced) and pursuant to the Credit Agreement (including all previously invoiced fees and expenses).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.1. Representations and Warranties. In order to induce the Incremental Term C Lenders, the Issuing Banks and the Agents to enter into this Amendment, each of the Borrowers hereby represents and warrants to each Incremental Term C Lender, each Issuing Bank and each Agent, as of the date hereof, as follows:

(a) The representations and warranties set forth in each of the Loan Documents are correct in all material respects, before and after giving effect to this Amendment, as though made on and as of the date hereof (except for any such representation and warranty that, by its terms, refers to a specific date other than the date hereof, in which case as of such specific date).

(b) No event has occurred and is continuing, or shall result from the effectiveness of this Amendment or the Borrowing of Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, that constitutes a Default or Event of Default.

10

(c) This Amendment has been duly executed and delivered by each of the Borrowers and is the legal, valid and binding obligation of each of the Borrowers, enforceable against each such Borrower in accordance with its terms.

(d) The execution, delivery and performance by each of the Borrowers and each other Loan Party of this Amendment and each other Loan Document executed or to be executed by any of them in connection therewith, and the Borrowing of the Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, are within each such Borrower's and each such other Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Borrower's or such other Loan Party's charter or bylaws, (ii) violate any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default or require any payment to be made under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting such Borrower or such other Loan Party or any of their respective properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of such Borrower or such other Loan Party.

(e) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery, recordation, filing or performance by any of the Borrowers or any other Loan Party of this Amendment or any other Loan Document to which it is or is to be a party, or for the Borrowing of the Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, except for the authorizations, approvals, actions, notices and filings listed on Schedule I hereto, all of which have been duly obtained, taken, given or made and are in full force and effect. Notwithstanding the foregoing, it is understood that (i) no regulatory approvals have been obtained in connection with (x) the pledge of shares of any regulated entity or (y) the granting of additional collateral in certain circumstances as contemplated by Section 5.01(j)(I) of the Credit Agreement and (ii) as of the date hereof no regulatory approvals have been obtained or are being sought in connection with the possible exercise of remedies under the Amended Credit Agreement or any of the Collateral Documents.

(f) After giving effect to this Amendment, neither the modification of the Credit Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment (including, without limitation, the Borrowing of Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date)

(i) impairs the validity, effectiveness or priority of the Liens granted pursuant to any Collateral Document, and such Liens continue unimpaired with

11

the same priority to secure repayment of all Obligations (including any Obligations in respect of the Incremental Term C Advances), whether heretofore or hereafter incurred; or

(ii) requires that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

(g) After giving effect to this Amendment and the Borrowing of the Incremental Term C Advances on the Incremental Term C Facility Amendment Effective Date, each of the Borrowers will be Solvent.

(h) The Incremental Term C Facility ranks *pari passu* in all respects with each other Facility under the Credit Agreement for all purposes of the Credit Agreement and the other Loan Documents, and the Incremental Term C Lenders shall be entitled to share *pari passu* on a *pro rata* basis with the other Lender Parties in the Collateral and in any amounts realized or received from or in respect of any of the Collateral.

(i) The proceeds of the Incremental Term C Advances shall be applied by the relevant Borrower to repay Revolving Advances outstanding on the Incremental Term C Facility Amendment Effective Date in order to provide availability for future acquisitions of selected assets in the telecommunications services market, for working capital and general corporate purposes of Broadwing and its Subsidiaries and to pay transaction fees and expenses associated with the Incremental Term C Facility.

(j) Set forth on Schedule II hereto is a complete and accurate list of all Subsidiaries of Broadwing,

showing as of the date hereof (as to each such Subsidiary) the jurisdiction of its organization, the number and type of each class of its Equity Interests authorized, the number outstanding, the percentage of each such class of such Equity Interests owned by each such Person and the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights as of the date hereof. All of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and, to the extent owned by Broadwing or one or more of its Subsidiaries, are owned free and clear of all Liens, except those created under the Collateral Documents.

SECTION 4.2. Full Disclosure. Except as corrected by written information delivered to the Agents, the Incremental Term C Facility Arranger and the Lenders (including, without limitation, the Incremental Term C Facility Lenders) prior to the date hereof, all factual information heretofore or contemporaneously furnished by any Borrower in writing to any Agent, the Incremental Term C Facility Arranger, any Issuing Bank or any Lender (including, without limitation, any Incremental Term C Facility Lender) for purposes of or in connection with this Amendment or any transaction contemplated hereby is true and accurate in every material respect and such information is not incomplete by omitting to state any material fact

12

necessary to make such information not misleading. All projections delivered to the Administrative Agent, the Incremental Term C Facility Arranger or any Incremental Term C Lender by or on behalf of Broadwing have been prepared in good faith by Broadwing and represent the best estimates of Broadwing, as of the Incremental Term C Facility Amendment Effective Date, of the reasonably expected future performance of the businesses reflected in such projections.

ARTICLE V

MISCELLANEOUS

SECTION 5.1. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of the like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 5.2. Loan Document Pursuant to Credit Agreement. This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall be construed, administered and applied in accordance with all of the terms and provisions of the Credit Agreement (and, following the Incremental Term C Facility Amendment Effective Date, the Amended Credit Agreement), including the provisions of Section 9.01 of the Credit Agreement.

SECTION 5.3. Further Assurances. Each of the Borrowers hereby agrees that it will take any action that from time to time may be reasonably necessary to effectuate the amendments contemplated hereby.

SECTION 5.4. Costs and Expenses. Each of the Borrowers hereby severally agrees to pay, upon demand, all of the reasonable costs and expenses of the Administrative Agent and the Incremental Term C Facility Arranger (including, without limitation, the reasonable fees and expenses of Shearman & Sterling and Mayer, Brown & Platt) in connection with the preparation,

13

execution and delivery of this Amendment and all of the instruments, agreements and other documents delivered or to be delivered in connection herewith.

SECTION 5.5. Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

SECTION 5.6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 5.7. Cross-References. References in this Amendment to any Article or Section are, unless otherwise specified or otherwise required by the context, to such Article or Section of this Amendment.

SECTION 5.8. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 5.9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 5.10. Agreement and Confirmation. Broadwing agrees and confirms that the Debt of Broadwing under the Credit Agreement constitutes "Designated Senior Debt" as defined in (and for purposes of) the Oak Hill Indenture.

SECTION 5.11. Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EX-10.I1.5 7 j3904_ex10di1d5.htm EX-10.I1.5

Exhibit (10)(i)(1.5)

**AMENDMENT NO. 5 TO THE
AMENDMENT AND RESTATEMENT OF THE CREDIT AGREEMENT**

Dated as of December 13, 2001

AMENDMENT NO. 5 TO THE AMENDMENT AND RESTATEMENT OF THE CREDIT AGREEMENT (this "**Amendment**") among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("**Broadwing**"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("**Broadwing Communications Services**"), and together with Broadwing, each a "**Borrower**" and collectively the "**Borrowers**"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement (as defined below) (the "**Lenders**"), BANK OF AMERICA, N.A., as syndication agent, CITICORP USA, INC., as administrative agent (the "**Administrative Agent**"), and the other agents party to the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) Each Borrower, the Lenders and the Administrative Agent have entered into an Amendment and Restatement of the Credit Agreement dated as of January 12, 2000, and amendments thereto dated as of May 17, 2000, November 3, 2000, June 12, 2001 and June 27, 2001 (such Amendment and Restatement of the Credit Agreement, as so amended, supplemented or otherwise modified through the date hereof, the "**Credit Agreement**"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrowers have requested and the Required Lenders have agreed to further amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the Amendment No. 5 Effective Date (as hereafter defined) and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(a) The following definitions in Section 1.01 are amended as hereafter set forth:

(i) the definition of "**Capitalization**" is amended and restated in its entirety to read as follows:

"**Capitalization**" means, as of any date, the sum, without duplication, as of such date, of Consolidated Debt, the liquidation preference of preferred stock, the par value of common stock and additional paid in capital less treasury stock of CBI and the Subsidiaries on a Consolidated basis."

(ii) The definition of "**Confidential Information**" is amended and restated in its entirety as follows:

"**Confidential Information**" means all information, including material nonpublic information within the meaning of Regulation FD promulgated by the Securities and Exchange Commission, received from the Borrowers relating to the Borrowers or their respective businesses, other than any such information that is available to any Agent or any Lender Party on a nonconfidential basis prior to disclosure by the Borrowers; provided that, in case of information received from the Borrowers after the date hereof, such information is clearly identified at the time of delivery as confidential."

(iii) Clause (i) of the definition of "**Consolidated EBITDA**" is amended and restated in its entirety to read as follows:

“(i) all Consolidated Interest Expense (including, for purposes of this definition only, all interest and payment Obligations in respect of Debt referred to in clause (h) of the definition of “Debt” herein) of such Person and its Subsidiaries for such period.”.

(iv) The word “and” immediately preceding clause (v) of the definition of “*Consolidated EBITDA*” is deleted, and such clause (v) is amended and restated in its entirety as follows:

“(v) all non-cash, non-recurring charges deducted in determining the consolidated net income of such Person and its Subsidiaries for such period in an amount not to exceed \$100,000,000 in aggregate for the four consecutive fiscal quarters ended on or immediately prior to the date of determination (excluding from such dollar limit (A) all non-cash losses with respect to the decrease in value of the equity investments in PSINet Inc., Applied Theory Corporation and ZeroPlus.com, Inc. reflected in the financial statements of Broadwing in Fiscal Year 2000 and (B) non-cash losses not to exceed \$200,000,000 resulting from the 2001 Restructuring deducted in determining the consolidated net income of the Borrowers in the fourth quarter of Fiscal Year 2001 and all other quarters impacted as a result of the 2001 Restructuring), and all extraordinary losses deducted in determining the consolidated net income of such Person and its Subsidiaries for such period (provided that any cash payment made with respect to any such non-cash charge shall be subtracted in computing Consolidated EBITDA during the period in which such cash payment is made) less all extraordinary gains and non-cash, non-recurring gains added in determining the consolidated net income of such Person

2

and its Subsidiaries for such period, in each case determined in accordance with GAAP for such period, and”

(v) The definition of “*Consolidated EBITDA*” is further amended by adding a new clause (vi) to read as follows:

“(vi) cash losses for such period not to exceed \$100,000,000 resulting from the 2001 Restructuring deducted in determining the consolidated net income of the Borrowers in the fourth quarter of Fiscal Year 2001 and all other quarters impacted as a result of the 2001 Restructuring”.

(vi) The definition of “*Consolidated Interest Expense*” is amended by adding the phrase “, other than the Exchangeable Preferred Stock” after the word “herein” in the parenthetical in the first sentence thereof.

(b) Section 1.01 is further amended by adding the following new definition in alphabetical order:

“‘*2001 Restructuring*’ means the restructuring of CBI commencing in the fourth fiscal quarter of 2001 effected to, among other things, write down various assets, reduce employee headcount, exit certain facilities and discontinue certain nonstrategic products and business activities.”.

(c) The parenthetical in Section 5.03(d), Annual Forecasts, is amended and restated in its entirety to read as follows:

“(or in the case of the Fiscal Year ended December 31, 1999, no later than February 15, 2000, and in the case of the Fiscal Year ended December 31, 2001, no later than February 15, 2002)”.

(d) Section 9.10 of the Credit Agreement is amended and restated in its entirety to read as follows:

“SECTION 9.10. Confidentiality. Each of the Agents and Lender Parties expressly agrees, for the benefit of the Borrowers and their respective Affiliates, to maintain the confidentiality of the Confidential Information, except that Confidential Information may be disclosed (i) to it and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the

confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential), (ii) to the extent requested by any regulatory authority or self-regulatory body operating pursuant to statutory authority having or claiming authority to

3

regulate or oversee any aspect of any business of any Lender or that of any of its Affiliates, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (vi) subject to an express agreement for the benefit of the Borrowers and their respective Affiliates containing provisions substantially the same as those of this paragraph, to any Eligible Assignee of or participant in, or any prospective Eligible Assignee of or participant in, any of its rights or obligations under this Agreement, (vii) with the consent of the Borrowers, (viii) to the extent such Confidential Information (A) becomes publicly available other than as a result of a breach of this paragraph or (B) becomes available to any Agent or any Lender Party on a nonconfidential basis from a source other than the Borrowers or (ix) to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty is subject to an express agreement for the benefit of the Borrowers and their respective Affiliates containing provisions substantially the same as those of this paragraph). Any Person required to maintain the confidentiality of Confidential Information as provided in this Section 9.10 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information; provided, however, that with respect to disclosures pursuant to clauses (ii) and (iii) of this Section 9.10 (other than disclosures pursuant to routine regulatory examinations), unless prohibited by law or applicable court order, each Lender Party and each Agent shall attempt to notify the Borrowers of any request by any governmental agency or representative thereof or other Person for disclosure of Confidential Information after receipt of such request, and if reasonable, practicable and permissible, before disclosure of such Confidential Information. It is understood and agreed that the Borrowers and their respective Affiliates may rely upon this Section 9.10 for any purpose, including without limitation to comply with Regulation FD promulgated by the Securities and Exchange Commission.”.

4

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the “Amendment No. 5 Effective Date”) when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received counterparts of (x) this Amendment executed by the undersigned, the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the Consent attached hereto executed by each of the Subsidiary Guarantors;

(b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 5 Effective Date, before and after giving effect to this Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 5 Effective Date, in which case as of such specific date);

(c) No event shall have occurred and be continuing, or shall result from the effectiveness of this Amendment that constitutes a Default or Event of Default;

(d) All of the accrued fees then due and invoiced expenses of the Administrative Agent and the Lenders, including the invoiced fees and expenses of counsel for the Administrative Agent, shall have been paid in full; and

(e) An amendment fee equal to 0.125% of the aggregate outstanding Term Advances and Revolving Credit Commitments of each Lender that delivers to the Administrative Agent a duly executed counterpart of this Amendment on or before 5:00 p.m., New York City time, on December 13, 2001, shall have been paid in full; *provided* that executed counterparts of this Amendment shall have been received by the Required Lenders on or before the date hereof.

The effectiveness of this Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 3. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or

5

the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 4. Costs, Expenses. Each of the Borrowers hereby severally agree to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of this page intentionally left blank.]

6

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title: _____BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)By _____
Title: _____

7

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as LenderBy _____
Title: _____BANK OF AMERICA, N.A.,
as Syndication Agent and as LenderBy _____
Title: _____

8

Lenders:

ABN AMRO BANK N.V.

By _____
Title: _____

ADDISON CDO, LIMITED

By _____
Title: _____

AERIES FINANCE — II LTD.

By _____
Title: _____

ALLSTATE LIFE INSURANCE COMPANY

By _____
Title: _____

AMARA I FINANCE LTD.

By _____
Title: _____

AMMC CDO II, LIMITED

By _____
Title: _____

APEX (TRIMARAN) CDO I LTD.

By _____
Title: _____

9

ARCHIMEDES FUNDING, L.L.C.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title: _____

ARCHIMEDES FUNDING II, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____
Title: _____

ARCHIMEDES FUNDING III, LTD.
By: ING Capital Advisors LLC, as Collateral Manager

By _____

Title: _____

ARES LEVERAGED INVESTMENT FUND II LP

By _____

Title: _____

ATHENA CDO, LIMITED

By: Pacific Investment Management Company, as its
Investment Advisor

By _____

Title: _____

AVALON CAPITAL LTD.

By _____

Title: _____

10

AVALON CAPITAL LTD. II

By _____

Title: _____

BANK AUSTRIA CREDITANSTALT CORPORATE
FINANCE, INC.

By _____

Title: _____

BANK OF AMERICA, N.A.

By _____

Title: _____

BANK OF CHINA, NEW YORK

By _____

Title: _____

BANK OF MONTREAL

By _____
Title: _____

BAVARIA TRR CORPORATION

By _____
Title: _____

11

BAYERISCHE HYPO-UND VEREINSBANK AG,
NEW YORK BRANCH

By _____
Title: _____

By _____
Title: _____

BAYERISCHE LANDESBANK
GIROZENTRALE CAYMAN ISLANDS BRANCH

By _____
Title: _____

BEAR STEARNS INVESTMENT PRODUCTS INC.

By _____
Title: _____

BLACK DIAMOND CAPITAL MGT.

By _____
Title: _____

BLACK DIAMOND CLO 2000-1 LTD.

By _____
Title: _____

CAPTIVA FINANCE LTD.

By _____
Title: _____

12

CAPTIVA II FINANCE LTD.

By _____
Title: _____

CAPTIVA III FINANCE LTD., as advised by Pacific
Investment Management Company

By _____
Title: _____

CAPTIVA IV FINANCE LTD., as advised by Pacific
Investment Management Company

By _____
Title: _____

CENTURION CDO II, LTD.

By _____
Title: _____

CENTURION CDO III, LTD.

By _____
Title: _____

CERES II FINANCE LTD.

By _____
Title: _____

13

CHANG HWA COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

CHARTER VIEW PORTFOLIO

By _____
Title:

CHINATRUST COMMERCIAL BANK, LTD.
New York Branch

By _____
Title:

CITIBANK N.A.

By _____
Title:

CITIZENS BANK OF MASSACHUSETTS

By _____
Title:

CLYDESDALE CLO 2001-1

By _____
Title:

COBANK, ACB

By _____
Title:

COLISEUM FUNDING LTD.

By Travelers Asset Management International Company
LLC

By _____
Title:

COMMERCEBANK

By _____
Title:

CONSECO - WINGED FOOT FUNDING TRUST

By _____
Title:

CONSTANTINUS EATON VANCE CDO V., LTD.

By _____
Title:

CREDIT SUISSE FIRST BOSTON

By _____
Title:

CYPRESSTREE INVESTMENT PARTNERS I, LTD.

By: CypressTree Investment Management Company, Inc.,
as Portfolio Manager

By _____
Title:

CYPRESSTREE INVESTMENT PARTNERS II, LTD.
By: CypressTree Investment Management Company, Inc.,
as Portfolio Manager

By _____
Title: _____

DELANO COMPANY
By: Pacific Investment Management Company, as its
Investment Advisor

By _____
Title: _____

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLAND BRANCHES

By _____
Title: _____

DIVERSIFIED CREDIT PORTFOLIO LTD.

By _____
Title: _____

EAST WEST BANK

By _____
Title: _____

EATON VANCE CDO III, LTD.

By _____
Title: _____

EATON VANCE CDO IV, LTD.

By _____
Title:

EATON VANCE INSTITUTIONAL SENIOR LOAN

By _____
Title:

EATON VANCE SENIOR INCOME TRUST

By _____
Title:

ELT LTD.

By _____
Title:

ERSTE BANK

By _____
Title:

EXCEL BANK

By _____
Title:

EXPORT DEVELOPMENT CORPORATION

By _____
Title:

FIFTH THIRD BANK

By _____
Title: _____

FIRST DOMINION FUNDING I

By _____
Title: _____

FIRST DOMINION FUNDING II

By _____
Title: _____

FIRST HAWAIIAN BANK

By _____
Title: _____

FIRST UNION NATIONAL BANK

By _____
Title: _____

FIRSTAR BANK N.A.

By _____
Title: _____

FIRSTTRUST BANK

By _____
Title: _____

FLEET NATIONAL BANK

By _____
Title: _____

FUJI BANK LIMITED

By _____
Title: _____

GENERAL ELECTRIC CAPITAL CORPORATION

By _____
Title: _____

GRAYSON & CO.

By _____
Title: _____

GREAT POINT CLO 1999-1 LTD.

By _____
Title: _____

HARBOR VIEW CDO II LTD.

By _____
Title: _____

HARCH CLO I, LTD.

By _____
Title: _____

IBM CREDIT CORPORATION

By _____
Title: _____

IKB CAPITAL CORPORATION

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING IIA, LTD.
By: Indosuez Capital as Portfolio Advisor

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING III LTD.

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING IV, L.P.
By: Indosuez Capital as Portfolio Advisor

By _____
Title: _____

INDOSUEZ CAPITAL FUNDING VI, LTD.

By _____
Title: _____

ING PILGRIM SENIOR INCOME FUND

By _____
Title: _____

ING SWISS LIFE US RAINBOW LIMITED

By: ING Capital Advisors LLC, as Investment Advisor

By _____

Title:

INVESCO AERIES FINANCE – II LTD.

By _____

Title:

INVESCO CBO 2000-1 LTD.

By _____

Title:

JHW CASH FLOW FUND I, L.P.

By _____

Title:

JISSEKIKUN FUNDING, LTD.

By _____

Title:

JUPITER FUNDING TRUST

By _____

Title:

KATONAH I, LTD.

By _____

Title:

KEMPER FLOATING RATE FUND

By _____
Title: _____

KEY CORPORATE CAPITAL INC.

By _____
Title: _____

KZH CNC LLC

By _____
Title: _____

KZH CRESCENT LLC

By _____
Title: _____

KZH CRESCENT 2 LLC

By _____
Title: _____

KZH CRESCENT - 3 LLC

By _____
Title: _____

KZH CYPRESSTREE-1 LLC

By _____
Title: _____

KZH ING-1 LLC

By _____
Title: _____

KZH ING-2 LLC

By _____
Title: _____

KZH ING-3 LLC

By _____
Title: _____

KZH STERLING LLC

By _____
Title: _____

LAGUNA FUNDING TRUST

By _____
Title: _____

LIBERTY – STEIN ROE ADVISOR FLOATING RATE

By _____
Title: _____

23

MAPLEWOOD (CAYMAN) LIMITED, as Assignee
By: Massachusetts Mutual Life Insurance Company, as
Investment Advisor

By _____
Title: _____

MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY, as Assignee

By _____
Title: _____

MERITA BANK PLC, NEW YORK BRANCH

By _____
Title: _____

By _____
Title: _____

MERRILL LYNCH SENIOR FLOATING RATE FUND,
INC.

By _____
Title: _____

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

24

ML CLO XV PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

NATEXIS BANQUE POPULAIRES

By

Title: _____

By _____
Title: _____

NATIONAL CITY BANK

By _____
Title: _____

NATIONAL WESTMINSTER BANK PLC

By _____
Title: _____

NEMEAN CLO, LTD.

By _____
Title: _____

25

NOMURA BOND & LOAN FUND

By _____
Title: _____

NORTHWOODS CAPITAL, LIMITED

By _____
Title: _____

NORTHWOODS CAPITAL II, LTD.

By _____
Title: _____

NORTHWOODS CAPITAL III, LTD.

By

Title: _____

OAK HILL CREDIT PARTNERS I, LIMITED

By _____

Title: _____

OASIS COLLATERALIZED HIGH INCOME
PORTFOLIO - 1 LTD.

By _____

Title: _____

OPPENHEIMER SENIOR FLOATING RATE FUND

By _____

Title: _____

26

ORIGINATION

By _____

Title: _____

ORYX CLO, LTD.

By _____

Title: _____

OXFORD STRATEGIC INCOME FUND

By _____

Title: _____

PACIFICA PARTNERS I, L.P.

By: Imperial Credit Asset Management, as its Investment
Manager

By _____

Title: _____

PHOENIX FUNDING LIMITED

By _____
Title: _____

PILGRIM CLO 1999-1 LTD.

By: Pilgrim Investments, Inc. as its Investment Manager

By _____
Title: _____

27

PILGRIM PRIME RATE TRUST

By _____
Title: _____

PNC BANK, N.A.

By _____
Title: _____

RIVIERA FUNDING LLC

By _____
Title: _____

ROYAL BANK OF CANADA

By _____
Title: _____

ROYALTON COMPANY

By: Pacific Investment Management Company, as its
Investment Advisor

By _____
Title: _____

SANKATY HIGH YIELD ASSET PARTNERS II, L.P.

By _____
Title: _____

SANKATY HIGH YIELD PARTNERS III LP

By _____
Title: _____

28

SENIOR DEBT PORTFOLIO

By _____
Title: _____

SEQUILS I, LTD.

By _____
Title: _____

SEQUILS IV, LTD.

By _____
Title: _____

SEQUILS-CENTURION V, LTD.

By _____
Title: _____

SEQUILS PILGRIM I, LTD.

By: Pilgrim Investments, Inc., as its Investment Manager

By _____
Title: _____

SIMSBURY CLO, LIMITED, as Assignee

By: Massachusetts Mutual Life Insurance Company, as
Collateral Manager

By _____
Title: _____

29

STANFIELD ARBITRAGE CDO, LTD.

By _____
Title: _____

STANFIELD/RMP TRANSATLANTIC CDO, LTD.

By _____
Title: _____

STANWICH LOAN FUNDING LLC

By _____
Title: _____

STEIN ROE FLOATING RATE LTD. LIABILITY
COMPANY

By _____
Title: _____

SUMITOMO TRUST AND BANKING CO., LTD.

By _____
Title: _____

SUMMIT BANK

By _____
Title: _____

TCW SELECT LOAN FUND, LIMITED

By _____
Title: _____

30

THE BANK OF NEW YORK

By _____
Title: _____

THE BANK OF TOKYO-MITSUBISHI, LTD.,
CHICAGO BRANCH

By _____
Title: _____

THE PROVIDENT BANK

By _____
Title: _____

SUMITOMO MITSUI BANKING CORPORATION

By _____
Title: _____

THERMOPYLAE FUNDING CORP.

By _____
Title: _____

TORONTO DOMINION BANK

By _____
Title: _____

TORONTO DOMINION (NEW YORK), INC.

By _____
Title: _____

31

THE TRAVELERS INSURANCE COMPANY

By _____

Title: _____

TYLER TRADING, INC.

By _____

Title: _____

UNITED WORLD CHINESE COMMERCIAL BANK

By _____

Title: _____

VAN KAMPEN CLO I, LIMITED

By: Van Kampen Management Inc., as Collateral Manager

By _____

Title: _____

VAN KAMPEN CLO II, LIMITED

By: Van Kampen Management Inc., as Collateral Manager

By _____

Title: _____

VAN KAMPEN PRIME RATE INCOME TRUST

By _____

Title: _____

32

VAN KAMPEN SENIOR FLOATING RATE FUND

By _____
Title:

VAN KAMPEN SENIOR INCOME TRUST

By _____
Title:

WEBSTER BANK

By _____
Title:

WINGED FOOT FUNDING TRUST

By _____
Title:

33

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Amendment No. 5, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement"), and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty"), in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty"), and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to the foregoing Amendment No. 5 and hereby confirms and agrees that (a) notwithstanding the effectiveness of the foregoing Amendment No. 5, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title: _____

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title: _____

34

BROADWING COMMUNICATIONS INC. (f/k/a IXC
COMMUNICATIONS, INC.)

By _____
Title: _____

CINCINNATI BELL DIRECTORY INC.

By _____
Title: _____

BROADWING IT CONSULTING INC.

By _____
Title: _____

ZOOMTOWN.COM INC.

By _____
Title: _____

CINCINNATI BELL WIRELESS COMPANY

By _____
Title: _____

BROADWING HOLDINGS INC.

By _____
Title: _____

CINCINNATI BELL ANY DISTANCE INC.

By _____
Title: _____

35

CINCINNATI BELL PUBLIC COMMUNICATIONS
INC.

By _____
Title: _____

ATLANTIC STATES MICROWAVE TRANSMISSION
COMPANY
CENTRAL STATES MICROWAVE TRANSMISSION
COMPANY
BROADWING TELECOMMUNICATIONS INC.
(f/k/a ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
BROADWING COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNATIONAL, INC.
IXC INTERNET SERVICES, INC.
RIO GRANDE TRANSMISSION, INC.
TELCOM ENGINEERING, INC.
THE DATA PLACE, INC.
TOWER COMMUNICATION SYSTEMS CORP.
WEST TEXAS MICROWAVE COMPANY
WESTERN STATES MICROWAVE TRANSMISSION
COMPANY
BROADWING LOCAL SERVICES INC.

By _____
Title: _____

36

EX-10.11.6 8 j3904_ex10d1d6.htm EX-10.11.6

Exhibit (10)(i)(1.6)

EXECUTION COPY

**AMENDMENT AND CONSENT NO. 6 TO THE
LOAN DOCUMENTS**

Dated as of March 1, 2002

AMENDMENT AND CONSENT NO. 6 TO THE LOAN DOCUMENTS (this "**Amendment**") among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("**Broadwing**"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("**Broadwing Communications Services**"), and together with Broadwing, each a "**Borrower**" and collectively the "**Borrowers**", the banks, financial institutions and other institutional lenders parties to the Credit Agreement (as defined below) (the "**Lenders**"), BANK OF AMERICA, N.A., as syndication agent, CITICORP USA, INC., as administrative agent (the "**Administrative Agent**"), and the other agents party to the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) Each Borrower, the Lenders and the Administrative Agent have entered into an Amendment and Restatement of the Credit Agreement dated as of January 12, 2000, and amendments thereto dated as of May 17, 2000, November 3, 2000, June 12, 2001, June 27, 2001 and December 13, 2001 (such Amendment and Restatement of the Credit Agreement, as so amended, supplemented or otherwise modified through the date hereof, the "**Credit Agreement**"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement or the Security Agreements referred to below, as the case may be.

(2) Broadwing has entered into an Asset Purchase Agreement (the "**Asset Purchase Agreement**") dated as of February 4, 2002 with Cincinnati Bell Directory Inc. ("**Directory**") and CBD Media, Inc. ("**CBD Media**") to sell substantially all of the assets of Directory to CBD Media (the "**Directory Sale**"). After the consummation of the Directory Sale, Directory may be merged into Broadwing.

(3) In connection with the Directory Sale, Broadwing and Directory will make an equity contribution in the amount of \$8,846,000 to CBD Media (the "**Equity Contribution**") in exchange for 2.5% of the outstanding shares of common stock of CBD Media Holdings, Inc., a Delaware corporation and sole shareholder of CBD Media (the "**CBD Equity Interest**").

(4) Cincinnati Bell Wireless Company intends to sell (the "**Spectrum Asset Sale**") certain spectrum assets (the "**Spectrum Assets**") to a third party (the "**Financier**") who will, in turn, sell the Spectrum Assets, either directly or indirectly through a newly created Subsidiary of CBI ("**Newco**"), to Cincinnati Bell Wireless L.L.C. ("**Wireless**") and such Financier will provide financing (the "**Financing**") for the Spectrum Asset Sale to Newco or Wireless which Financing will be guaranteed by CBI (collectively, the "**Spectrum Transaction**").

(5) The Borrowers have requested and the Lenders have agreed to consent to the Directory Sale, the Equity Contribution and the Spectrum Transaction upon the terms and conditions set forth herein and to further amend the Loan Documents as hereinafter set forth.

SECTION 1. Consents under the Credit Agreement. (a) Each of the Lenders and the Administrative Agent hereby consent to the Directory Sale by Broadwing, and solely in connection with the Directory Sale, waive any and all Defaults and Events of Default under Sections 5.01(e), 5.02(d), (e), (l) or 7.01(c) that would result from the Directory Sale and the possible merger of Directory into Broadwing; *provided* that (i) the Directory Sale is consummated substantially on the terms as set forth in the Asset Purchase Agreement (without any amendments, waivers or other modifications thereto which have not been approved by the Administrative Agent and the Required Lenders); (ii) the Directory Sale shall occur on or before May 6, 2002; (iii) immediately before and after giving effect to

the Directory Sale and this Amendment, no Default or Event of Default shall have occurred and be continuing or would result therefrom; and (iv) on the date of receipt of the Net Cash Proceeds related to the Directory Sale (the "*Prepayment Date*"), 100% of the Net Cash Proceeds less the amount of the Equity Contribution (the "*Adjusted Net Cash Proceeds*") received from the Directory Sale shall be applied to prepay the Facilities in accordance with clause (b) below.

(b) Notwithstanding anything to the contrary in Section 2.06(b)(ii) of the Credit Agreement, each of the Lenders and the Administrative Agent hereby agree that the Adjusted Net Cash Proceeds received by Broadwing from the Directory Sale shall be (i) allocated pro rata to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and (ii) applied (x) in the case of the Incremental Term B Advances and the Incremental Term C Advances, to the installments thereof pro rata to the remaining installments thereof, and (y) in the case of the Term A Advances, to the remaining installments thereof in order of maturity.

(c) Each of the Lenders and the Administrative Agent hereby consent to the Equity Contribution by Broadwing and Directory, and solely in connection with the Equity Contribution, waive any and all Defaults and Events of Default under Sections 5.02(f), (g) or 7.01(c) that would result from the Equity Contribution; *provided that* (i) immediately before and after giving effect thereto and to this Amendment, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (ii) neither the Borrowers nor any Subsidiary shall become liable for the Debt of CBD Media Holdings except to the extent the Borrowers or such Subsidiary would be permitted under Section 5.02(b) to incur such Debt, (iii) after the consummation of the Equity Contribution, all of the CBD Equity Interests held by the Borrowers or any Subsidiary are held by Broadwing Holdings Inc., (iv) the Directory Sale shall have been consummated concurrently with or prior to the Equity Contribution, and (v) the amount of the Equity Contribution shall be excluded from the computation of the amount of Investments made by the Borrowers and their Subsidiaries pursuant to Section 5.02(f) for purposes of determining compliance with such Section.

(d) Each of the Lenders and the Administrative Agent hereby consent to the Spectrum Transaction, and solely in connection with the consummation of the Spectrum Transaction, waive any and all Defaults and Events of Default under Sections 2.06(b)(iii), 5.02(a), (b), (c), (f), (l), (o), (p) or 7.01(c) that would result from the Spectrum Transaction;

provided that (i) the gross proceeds received from the Spectrum Asset Sale shall be at least equal to the fair market value of the property and assets so sold as determined at the time of such sale; (ii) at least 80% of the value of the aggregate consideration received from the Spectrum Asset Sale shall be in cash and shall be received within 5 Business Days after the date of consummation of such sale; (iii) immediately before and after giving effect thereto and to this Amendment, no Default or Event of Default shall have occurred and be continuing or would result therefrom; (iv) on the date of the Spectrum Asset Sale, 100% of the Net Cash Proceeds received from the Spectrum Asset Sale shall be applied to prepay the Facilities ratably *first* to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the installments thereof pro rata to the remaining installments thereof and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi) of the Credit Agreement; (v) in the event that Newco is created to acquire or lease the Spectrum Assets or participate in the Financing, Newco will be a wholly-owned direct or indirect Subsidiary of Broadwing, (vi) the conditions of Section 5.01(j) (II) of the Credit Agreement are satisfied in accordance with their terms, (vii) the Debt incurred by Newco or Wireless with respect to the Financing (the "*Financing Debt*") does not exceed \$60,000,000; (viii) the Financing Debt is secured solely by the Spectrum Assets, (ix) the Financing Debt is non-recourse to the Borrowers and their Subsidiaries; *provided that* Broadwing may guarantee the Financing Debt so long as such guarantee is unsecured and is subordinated to the Obligations of the Loan Parties under the Loan Documents pursuant to a subordination agreement in form and substance reasonably satisfactory to the Administrative Agent, and (x) the other terms and conditions of the Spectrum Transaction are reasonably satisfactory to the Administrative Agent. The amount of the Financing Debt and the Spectrum Asset Sale shall be excluded from the computation of the amount of Debt incurred by the Borrowers and their Subsidiaries pursuant to Section 5.02(b)(iii) and the amount of asset sales, leases and transfers made by the Borrowers and their Subsidiaries with respect to Section 5.02 (c) for purposes of determining compliance with such Sections

SECTION 2. Amendments to the Credit Agreement. The Credit Agreement is, effective as of the Amendment No. 6 Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 3, hereby amended as follows:

(a) The following definitions in Section 1.01 are amended as hereafter set forth:

(i) The definition of "**Consolidated EBITDA**" is amended by deleting the word "and" immediately preceding clause (vi) and adding a new clause (vii) to read as follows:

"and (vii) all charges taken in accordance with SFAS 142 (the "**SFAS 142 Charges**")".

(ii) Clause (v) of the definition of "**Consolidated EBITDA**" is hereby amended to delete the first comma in the first line thereof between the words "non-cash" and "non-recurring" and substitute therefor the word "or" and to delete the comma in the nineteenth line thereof between the words "non-cash" and "non-recurring" and substitute therefor the word "or".

3

(iii) The definition of "**Excess Cash Flow**" is amended by adding the words "adjusted to exclude any cash gains attributable to any transaction that requires prepayment of Term Advances pursuant to Section 2.06(b)" to the end of clause (a)(i) thereof.

(b) Section 1.01 is further amended by adding the following new definition in alphabetical order:

"**Incremental Term B Lender**" means each Lender that has made an Incremental Term B Advance."

(c) Section 5.02(b)(i)(B) of the Credit Agreement is amended by deleting the figure "\$500 million" in clause (y) and substituting therefor the figure "\$1 billion" and by adding at the end of such subsection immediately prior to the period a *proviso* to read as follows:

"; *provided* that 100% of the Net Cash Proceeds of any additional Subordinated Debt in excess of \$500 million principal amount issued after the date hereof shall be applied to prepay the Facilities ratably *first* to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the installments thereof pro rata to the remaining installments thereof and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi) of the Credit Agreement (it being understood that all expenses or other amounts deducted in determining the calculation of Net Cash Proceeds shall be applied equally over the total principal amount of the Subordinated Debt being issued and shall reduce the principal amount of such Subordinated Debt in excess of \$500 million only by the amount of such expenses attributable to such excess)"

(d) Section 5.02(b)(iii)(C) of the Credit Agreement is amended by deleting the figure "\$75,000,000" and substituting therefor the figure "\$125,000,000".

(e) Section 5.02(b)(iii)(H) of the Credit Agreement is amended by deleting the figure "\$10,000,000" and substituting therefor the figure "\$20,000,000".

(f) Section 5.02(d) is amended by deleting the word "and" immediately preceding clause (iii), adding the phrase "; and" at the end of clause (iii) immediately before the ";," and adding a new clause (iv) to read as follows:

"(iv) the Subsidiaries of Mutual Signal Holding Corp. may merge into Mutual Signal Holding Corp.,"

(g) Section 5.02(g) is amended by deleting the word "and" immediately preceding clause (vi), adding the phrase "; and" at the end of clause (vi) immediately before the period and adding a new clause (vii) to read as follows:

"(vii) (x) any Subsidiary of CBI may make a dividend of Equity Interests, or distribution of Equity Interests, of any of its Subsidiaries to the Borrowers or any wholly-owned Subsidiary of CBI that is a

Subsidiary Guarantor and (y) Mutual Signal Holding Corp. may distribute all or substantially all of its assets to IXCS; *provided* in the

4

case of clauses (x) and (y) such dividend or distribution is not materially adverse to the Lenders in the sole determination of the Administrative Agent".

(h) Section 5.04(d) is amended by amending the schedule therein to delete the numbers "3.50", "3.50", and "3.50" for the periods ending December 31, 2003 through June 30, 2004 and substituting therefor the following numbers set forth opposite the dates referred to below:

<u>"Period Ending</u>	<u>Ratio</u>
December 31, 2003	2.75
March 31, 2004	3.00
June 30, 2004	3.25"

SECTION 3. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the "*Amendment No. 6 Effective Date*") when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received counterparts of (x) this Amendment executed by the undersigned, the Required Lenders and Lenders holding over 50% of the Term A Advances or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the Consent attached hereto executed by each of the Subsidiary Guarantors;

(b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 6 Effective Date, before and after giving effect to this Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 6 Effective Date, in which case as of such specific date);

(c) The Administrative Agent shall have received an executed copy of the Asset Purchase Agreement in form and substance satisfactory to the Administrative Agent and the Lenders;

(d) No event shall have occurred and be continuing, or shall result from the effectiveness of this Amendment that constitutes a Default or Event of Default (other than the Defaults and Events of Default expressly waived under Section 1);

(e) All of the accrued fees then due and invoiced expenses of the Administrative Agent and the Lenders, including the invoiced fees and expenses of counsel for the Administrative Agent, shall have been paid in full; and

(f) An amendment fee equal to 0.125% of the aggregate outstanding Term Advances (after giving effect to the Directory Sale and the prepayment of the Term Advances in connection therewith) and Revolving Credit Commitments of each Lender that delivers to the Administrative Agent a duly executed counterpart of this Amendment on or before 5:00 p.m.,

5

New York City time, on March 1, 2002, shall have been paid in full; *provided* that executed counterparts of this Amendment shall have been received from the Required Lenders and each required Term A Lender on or before the date hereof; *provided further* that in the event that the Directory Sale is not consummated by May 6, 2002, the Borrowers shall pay to such Lenders on the earlier of (i) May 8, 2002 and (ii) the date of termination of the Asset

Purchase Agreement, an additional amendment fee equal to 0.125% of the aggregate amount of Term Advances that would have been prepaid with the proceeds of such Directory Sale.

The effectiveness of this Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 4. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 5. Costs, Expenses. Each of the Borrowers hereby severally agree to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of this page intentionally left blank.]

6

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC COMMUNICATIONS
SERVICES, INC.)

By _____
Title: _____

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title: _____

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title: _____

7

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Amendment No. 5, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement"), and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty"), in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty"), and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to the foregoing Amendment and Consent No. 6 and hereby confirms and agrees that (a) notwithstanding the effectiveness of the foregoing Amendment and Consent No. 6, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title: _____

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title: _____

8

Lenders:_____
Institution

By _____

Title: _____

9

BROADWING COMMUNICATIONS INC. (f/k/a IXC
COMMUNICATIONS, INC.)

By _____

Title: _____

CINCINNATI BELL DIRECTORY INC.

By _____

Title: _____

BROADWING IT CONSULTING INC.

By _____

Title: _____

ZOOMTOWN.COM INC.

By _____

Title: _____

CINCINNATI BELL WIRELESS COMPANY

By _____

Title: _____

BROADWING HOLDINGS INC.

By _____
Title: _____

CINCINNATI BELL ANY DISTANCE INC.

By _____
Title: _____

10

CINCINNATI BELL PUBLIC COMMUNICATIONS INC.

By _____
Title: _____

BROADWING TELECOMMUNICATIONS INC. (f/k/a
ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
BROADWING COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNET SERVICES, INC.
BROADWING LOCAL SERVICES INC.

By _____
Title: _____

11

EX-10.11.7 9 j3904_ex10d1d7.htm EX-10.11.7

Exhibit (10)(i)(1.7)

**AMENDMENT NO. 7 TO THE
CREDIT AGREEMENT**

Dated as of March 15, 2002

AMENDMENT NO. 7 TO THE CREDIT AGREEMENT (this "*Amendment*") among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("*Broadwing*"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("*Broadwing Communications Services*"), and together with Broadwing, each a "*Borrower*" and collectively the "*Borrowers*", the banks, financial institutions and other institutional lenders parties to the Credit Agreement (as defined below) (the "*Lenders*"), BANK OF AMERICA, N.A., as syndication agent, CITICORP USA, INC., as administrative agent (the "*Administrative Agent*"), and the other agents party to the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) Each Borrower, the Lenders and the Administrative Agent have entered into an Amendment and Restatement of the Credit Agreement dated as of January 12, 2000, and amendments thereto dated as of May 17, 2000, November 3, 2000, June 12, 2001, June 27, 2001, December 13, 2001 and March 1, 2002 (such Amendment and Restatement of the Credit Agreement, as so amended, supplemented or otherwise modified through the date hereof, the "*Credit Agreement*"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrowers have requested and the Lenders have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendment to the Credit Agreement. Effective as of the Amendment No. 7 Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 2, Section 5.01(j)(I)(1) of the Credit Agreement is amended by deleting the words "within 20 days thereafter" in the first line thereof and substituting therefor the words "by April 15, 2002".

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written (the "*Amendment No. 7 Effective Date*") when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received counterparts of (x) this Amendment executed by the undersigned, the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the Consent attached hereto executed by each of the Subsidiary Guarantors;

(b) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 7 Effective Date, before and after giving effect to this Amendment, as though made on and as of such date

(except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 7 Effective Date, in which case as of such specific date); and

(c) After giving effect to this Amendment, no event shall have occurred and be continuing that constitutes a Default or Event of Default.

The effectiveness of this Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 3. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 4. Costs, Expenses. Each of the Borrowers hereby severally agrees to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of this page intentionally left blank.]

2

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC
COMMUNICATIONS SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title:

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title:

3

Lenders:

Institution

By _____
Title:

4

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Amendment No. 7, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement", and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty"), in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty", and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to the foregoing Amendment No. 7 and hereby confirms and agrees that (a) notwithstanding the effectiveness of the foregoing Amendment No. 7, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title: _____

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title: _____

5

BROADWING COMMUNICATIONS INC.
(f/k/a IXC COMMUNICATIONS, INC.)

By _____
Title: _____

CINCINNATI BELL DIRECTORY INC.

By _____
Title: _____

BROADWING IT CONSULTING INC.

By _____
Title: _____

ZOOMTOWN.COM INC.

By _____
Title: _____

CINCINNATI BELL WIRELESS COMPANY

By _____
Title: _____

BROADWING HOLDINGS INC.

By _____
Title: _____

CINCINNATI BELL ANY DISTANCE INC.

By _____
Title: _____

6

CINCINNATI BELL PUBLIC
COMMUNICATIONS INC.

By _____
Title: _____

BROADWING TELECOMMUNICATIONS INC.
(f/k/a ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
BROADWING COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNET SERVICES, INC.
BROADWING LOCAL SERVICES INC.

By _____
Title: _____

7

EX-10.11.8 10 j3904_ex10d1d8.htm EX-10.11.8

Exhibit (10)(i)(1.8)

**AMENDMENT NO. 8 TO THE
CREDIT AGREEMENT**

Dated as of April 18, 2002

AMENDMENT NO. 8 TO THE CREDIT AGREEMENT among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("*Broadwing*"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("*Broadwing Communications Services*"), and together with Broadwing, each a "*Borrower*" and collectively the "*Borrowers*", the banks, financial institutions and other institutional lenders parties to the Credit Agreement (as defined below) (the "*Lenders*"), BANK OF AMERICA, N.A., as syndication agent, CITICORP USA, INC., as administrative agent (the "*Administrative Agent*"), and the other agents party to the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) Each Borrower, the Lenders and the Administrative Agent have entered into an Amendment and Restatement of the Credit Agreement dated as of January 12, 2000, and amendments thereto dated as of May 17, 2000, November 3, 2000, June 12, 2001, June 27, 2001, December 13, 2001, March 1, 2002 and March 15, 2002 (such Amendment and Restatement of the Credit Agreement, as so amended, supplemented or otherwise modified through the date hereof, the "*Credit Agreement*"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrowers have requested and the Lenders have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendment to the Credit Agreement. Effective as of the Amendment No. 8 Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 2, Section 5.01(j)(1)(2) of the Credit Agreement is amended by deleting the words "within 10 days thereafter" in the first line thereof and substituting therefor the words "by May 2, 2002".

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when the Administrative Agent shall have received counterparts of (i) this Amendment executed by the undersigned, the Required Lenders or, as to any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (ii) the Consent attached hereto executed by each of the Subsidiary Guarantors, except that Section 1 shall not become effective until the date (the "*Amendment No. 8 Effective Date*") when, and only when, each of the following conditions precedent shall have been satisfied:

(a) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 8 Effective Date, before and after giving effect to this Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 8 Effective Date, in which case as of such specific date); and

(b) After giving effect to this Amendment, no event shall have occurred and be continuing that constitutes a Default or Event of Default.

The effectiveness of this Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 3. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and

be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 4. Costs, Expenses. Each of the Borrowers hereby severally agrees to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of this page intentionally left blank.]

2

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title:

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title:

3

Lenders:

Institution

By _____
Title:

4

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Amendment No. 8, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement", and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty"), in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty", and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to the foregoing Amendment No. 8 and hereby confirms and agrees that (a) notwithstanding the effectiveness of the foregoing Amendment No. 8, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC.
(f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES INC.
(f/k/a IXC COMMUNICATIONS SERVICES, INC.)

By _____
Title: _____

5

BROADWING COMMUNICATIONS INC. (f/k/a IXC
COMMUNICATIONS, INC.)

By _____
Title: _____

CINCINNATI BELL DIRECTORY INC.

By _____
Title: _____

BROADWING IT CONSULTING INC.

By _____
Title: _____

ZOOMTOWN.COM INC.

By _____
Title: _____

CINCINNATI BELL WIRELESS COMPANY

By _____
Title: _____

BROADWING HOLDINGS INC.

By _____
Title: _____

CINCINNATI BELL ANY DISTANCE INC.

By _____
Title: _____

6

CINCINNATI BELL PUBLIC
COMMUNICATIONS INC.

By _____
Title:

BROADWING TELECOMMUNICATIONS INC.
(f/k/a ECLIPSE TELECOMMUNICATIONS, INC.)
IXC BUSINESS SERVICES, LLC
BROADWING COMMUNICATIONS SERVICES OF
VIRGINIA, INC.
IXC INTERNET SERVICES, INC.
BROADWING LOCAL SERVICES INC.

By _____
Title:

7

EX-10.II.9 11 j3904_ex10d1ld9.htm EX-10.II.9

Exhibit (10)(i)(1.9)

EXECUTION COPY**AMENDMENT NO. 9 TO THE
CREDIT AGREEMENT**

Dated as of May 1, 2002

AMENDMENT NO. 9 TO THE CREDIT AGREEMENT among BROADWING INC. (f/k/a Cincinnati Bell Inc.), an Ohio corporation ("*Broadwing*"), and BROADWING COMMUNICATIONS SERVICES INC. (f/k/a IXC Communications Services, Inc.), a Delaware corporation ("*Broadwing Communications Services*"), and together with Broadwing, each a "*Borrower*" and collectively the "*Borrowers*", the banks, financial institutions and other institutional lenders parties to the Credit Agreement (as defined below) (the "*Lenders*"), BANK OF AMERICA, N.A., as syndication agent, CITICORP USA, INC., as administrative agent (the "*Administrative Agent*"), and the other agents party to the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) Each Borrower, the Lenders and the Administrative Agent have entered into an Amendment and Restatement of the Credit Agreement dated as of January 12, 2000, and amendments thereto dated as of May 17, 2000, November 3, 2000, June 12, 2001, June 27, 2001, December 13, 2001, March 1, 2002, March 15, 2002 and April 18, 2002 (such Amendment and Restatement of the Credit Agreement, as so amended, supplemented or otherwise modified through the date hereof, the "*Credit Agreement*"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Borrowers have requested and the Lenders have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendment to the Credit Agreement. Effective as of the Amendment No. 9 Effective Date (or, in the case of Sections 1(m)(iii) and (iv), (t) and (bb), such later date as provided in Section 2) and subject to the satisfaction of the conditions precedent set forth in Section 2, the Credit Agreement is hereby amended as follows:

(a) The definition of "Applicable Margin" is amended in full to read as follows:

"*Applicable Margin*" means (i) in the case of the Incremental Term B Facility, 2.75% per annum for Eurodollar Rate Advances and 1.75% per annum for Base Rate Advances, (ii) in the case of the Incremental Term C Facility, 3.25% per annum for Eurodollar Rate Advances and 2.25% per annum for Base Rate Advances and (iii) in the case of each other Facility, a percentage per annum set forth below under the caption "*Eurodollar Rate Advances*" or "*Base Rate Advances*" based upon the ratings established by S&P and Moody's for the Index Debt as of the most recent determination date:

Applicable Margin Pricing Grid

S&P/Moody's	Applicable Margin Revolving and Term A Facilities	
	Eurodollar Rate Advances	Base Rate Advances
Level I: At least BBB and Baa2	1.50%	0.50%
Level II: Below I, but at least BBB- and Baa3	1.75%	0.75%

Level III: Below II, but at least BB+ and Ba1	2.00%	1.00%
Level IV: Below III, but at least BB+ and Ba2 or BB and Ba1	2.25%	1.25%
Level V: Below IV, but at least BB and Ba2	2.50%	1.50%
Level VI: Below V, but at least BB- and Ba3	2.75%	1.75%
Level VII: Below VI, but at least B+ and B1	3.00%	2.00%
Level VIII: Below VII, but at least B and B2	3.25%	2.25%
Level IX: Below VIII	3.50%	2.50%

For purposes of the foregoing (i) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence hereof), then such rating agency shall be deemed to have established a rating in Level IX; (ii) except as set forth in the Pricing Grid above, if the ratings established or deemed to have been established by Moody's or S&P for the Index Debt shall fall within different Levels, the applicable percentage will be based on the lower of the two ratings unless one of the two ratings is two or more Levels lower than the other, in which case the applicable percentage shall be determined by reference to the Level next above that of the lower of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody's or S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable

2

rating agency. Each change in the applicable percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, or if either such rating agency shall cease rating the Index Debt (other than by reason of any action or nonaction by any Borrowers following or in anticipation of a ratings downgrade), the Borrowers and the Lender Parties shall negotiate in good faith to amend this provision to reflect such changed rating system or the unavailability of ratings from such rating agency (including by way of substituting another rating agency mutually acceptable to the Borrowers and the Agents for the rating agency with respect to which the rating system has changed or for which no rating is then in effect) and, pending the effectiveness of any such amendment, the applicable percentage shall be determined by reference to the rating most recently in effect prior to such change or cessation."

(b) The definitions of "Debt/EBITDA Ratio", "Senior Secured Debt/EBITDA Ratio" and "Total Debt/Capitalization Ratio" in Section 1.01 are amended by deleting (i) the phrase "as at the end of the most recently ended fiscal quarter of CBI for which financial statements are required to be delivered to the Lender Parties pursuant to Section 5.03(b) or (c), as the case may be," in each such definition and (ii) the phrase "as at the end of such fiscal quarter" in the last line of the definition of "Total Debt/Capitalization Ratio", and substituting therefor the phrase "as at such date of determination".

(c) The definition of "Excluded Entities" in Section 1.01 is amended and restated to

read as follows:

"Excluded Entities" means CBT, Wireless LLC, Cincinnati Bell Foundation, Inc., the Mutual Subsidiaries, Unite and, until such time as CBTS becomes a Subsidiary Guarantor pursuant to the proviso to Section 5.01(j)(I)(2), CBTS.

(d) The definition of "Related Documents" in Section 1.01 is amended by inserting immediately after the phrase "pursuant to Section 5.02(b)(ii)" the phrase "and Section 5.02(b)(i)(D), all agreements, indentures and instruments pursuant to which the Senior Notes are issued, the certificate of incorporation of Wireless Co. (or in the case that the Equity Interests of Wireless LLC are held by Wireless Holdco, the certificate of incorporation of Wireless Holdco)".

(e) Section 1.01 is amended by inserting the following new definitions in the appropriate alphabetical order:

"Amendment No. 9 Effective Date" means the date on which Amendment No. 9 to this Agreement (other than Sections 1(m)(iii) and (iv), (t) and (bb) thereof) becomes effective.

3

"Blocking Event" means any of the following events:

(a) a Default described in Section 7.01(a) occurs and is continuing, or

(b) a Default described in Section 7.01(f) or an Event of Default (other than an Event of Default described in Section 7.01(a)) occurs and is continuing and delivery by the Administrative Agent to CBI of a notice (a "**Blockage Notice**") of such Default or Event of Default (it being understood that (x) the Administrative Agent may not deliver a subsequent Blockage Notice unless and until at least 360 consecutive days shall have elapsed since the day of delivery of the immediately prior Blockage Notice and (y) no such Default or Event of Default that existed or was continuing on the date of delivery of any Blockage Notice shall be, or be made, the basis of a subsequent Blockage Notice unless such Default or Event of Default shall have been waived for a period of not less than 180 consecutive days);

provided, however, that a Blocking Event shall cease to occur upon the earlier of:

(i) the date upon which the Default or Event of Default giving rise to a Blocking Event described in clause (a) or (b) above is cured or waived or shall have ceased to exist, or

(ii) in the case of a Blocking Event described in clause (b) above, 179 consecutive days having passed after the Blockage Notice is received by CBI.

"CBI Administrative Expenses" means all administrative expenses incurred by CBI in the ordinary course of business, including, without limitation, those related to compensation arrangements, litigation, insurance, taxes (federal state and local), health and welfare, office supplies, contractual obligations, travel, director's fees paid to and expenses of CBI's Board of Directors and payments to investment banks, advisors and consultants.

"CBTS" means Cincinnati Bell Telecommunications Services Inc., an Ohio corporation.

"Consultant" has the meaning specified in Section 5.01(j)(I)(3)(f).

"Mutual Subsidiaries" means Mutual Signal Holding Corporation, Mutual Signal Corporation, Mutual Signal Corporation of Michigan and MSM Associates Limited Partnership.

"New Notes" means (i) Subordinated Debt of CBI evidenced by the Subordinated Debt

Documents and (ii) Senior Notes.

4

"Other Permitted Equity" means an Equity Interest of CBI other than common stock that (i) is a security that is not guaranteed or secured and ranks junior to the Facilities and the New Notes in all respects, (ii) has a term extending to at least December 31, 2007 and is not mandatorily redeemable or putable prior to such date (other than pursuant to a customary change of control provision), (iii) has covenants and change of control provisions no more restrictive than those customarily contained in senior subordinated or subordinated public high yield issues for similar issuers and (iv) if convertible or exchangeable, is convertible or exchangeable only into CBI's common stock.

"Real Estate SPV" has the meaning specified in Section 5.01(t).

"Senior Notes" means senior unsubordinated notes of CBI which have customary high yield covenants for similar issuers, are unsecured and have the benefit of no upstream guaranties or other claims against Subsidiaries of CBI.

"Spectrum Assets" means the E-Block spectrum license granted by the Federal Communications Commission or any spectrum license owned by Wireless Co. for which the E-Block may be exchanged.

"SPV" has the meaning specified in Section 5.01(u).

"Transfer" has the meaning specified in Section 5.01(j)(I)(3)(d).

"Unite" means Unite Inc., an Ohio corporation.

"Wireless Co." means Cincinnati Bell Wireless Company, an Ohio corporation.

"Wireless Holdco" has the meaning specified in Section 5.01(s).

"Wireless LLC" means Cincinnati Bell Wireless, LLC, an Ohio limited liability company."

(f) Section 2.05(b) is amended by inserting a new clause (vi) to read as follows:

"(vi) The Revolving Credit Facility shall be automatically and permanently reduced ratably among the Revolving Credit Lenders in accordance with their Revolving Credit Commitments in an amount equal to the prepayments of the Revolving Credit Advances pursuant to clause (x) of the proviso in Section 5.02(b)(i)(B), and each reduction of the Revolving Credit Commitments pursuant to this Section 2.05(b)(vi) shall be applied to the scheduled commitment reduction installments of the Revolving Credit Facility on a pro rata basis."

(g) Section 5.01(e) is amended by (i) deleting the phrase "Except as otherwise permitted under Section 5.02(d)" in the first line thereof and substituting therefor the phrase "(i) Except as otherwise permitted under Section 5.02(d) or as

5

otherwise provided under clause (ii) below" and (ii) inserting at the end thereof the following new clause (ii):

"(ii) On or before May 31, 2002, (A) Unite shall merge or consolidate into CBI or Broadwing Holdings, Inc. and (B) Cincinnati Bell Foundation, Inc. shall be dissolved."

(h) Section 5.01(j)(I) is amended by (i) inserting immediately after the phrase "respective Subsidiaries" in clause (1) thereof the phrase "(other than the Excluded Entities)", (ii) deleting

clauses (2) and (3) thereof and substituting therefor new clauses (2) and (3) to read as follows:

"(2) by June 2, 2002, cause each Subsidiary (other than the Excluded Entities and a CFC) (to the extent it has not already done so), to duly execute and deliver to the Administrative Agent a guaranty or Guaranty Supplement, in form and substance satisfactory to the Administrative Agent, guaranteeing the other Loan Parties' obligations under the Loan Documents, *provided, however*, that CBTS shall execute and deliver to the Administrative Agent such a guaranty or Guaranty Supplement on or before September 30, 2002,

(3) within 15 days thereafter duly execute and deliver, and cause each such Subsidiary (other than the Excluded Entities) and each direct and indirect parent of such Subsidiary (if it has not already done so) to duly execute and deliver, to the Administrative Agent mortgages, pledges, assignments, security agreement supplements and other security agreements, as specified by and in form and substance satisfactory to the Administrative Agent, securing payment of all the Obligations of the applicable Loan Party, such Subsidiary or such parent, as the case may be, under the Loan Documents and constituting Liens on all such real and personal properties other than:

- a. fiber in which an IRU has been granted prior to the date hereof or pursuant to Section 5.02(e)(i) or 5.02(e)(viii)(B);
- b. the Equity Interests of Wireless LLC held by Wireless Co. or Wireless Holdco, as the case may be;
- c. the Spectrum Assets;
- d. any item of real property of CBI or such Subsidiaries that has been irrevocably transferred under title documents satisfactory to the Agents to a Real Estate SPV under terms and conditions acceptable to the Agents (a "*Transfer*"); *provided* that if such real property is transferred out of a Real Estate SPV, such Real Estate SPV will be required to deliver mortgages, assignments, surveys (if requested by the Administrative Agent) and title insurance all in form and substance satisfactory to the Agents on such real property at or before the time of such transfer unless such real property is sold or otherwise transferred to a Person in a transaction permitted by Section 5.02(e);

6

- e. any item of real property, the mortgage or Transfer, as the case may be, of which is prohibited by or would constitute a breach of or a default under or give rise to a right of termination under the underlying documentation, where despite the use of best efforts by CBI or its Subsidiaries to obtain a consent to so mortgage or Transfer, such consent cannot be obtained; *provided* that CBI or its Subsidiaries will attempt to obtain the consent to Transfer if a consent to mortgage any such property interest cannot be obtained;
- f. any property interest that CBI has requested be excluded and as to which the Agents, after consultation with an independent consultant to be retained on behalf of the Agents (the "*Consultant*"), determine that a mortgage or Transfer, as the case may be, is not cost effective in relationship to the benefits to be received by the Lenders from the mortgage or Transfer of such property interest (a list of which real property interests excluded from the requirements of Section 5.01(j)(I) pursuant to clause (e) or (f) hereof will be provided to the Lenders as promptly as practicable by CBI);

provided, however, that CBTS shall not be required to execute and deliver to the Administrative Agent such documents referred to in clauses (3) and (4) of this Section 5.01(j)(I) until September 30, 2002; *provided further* that:

- (A) for purposes of this Section 5.01(j)(I)(3), the use of "best efforts" will not require the payment of any monetary consideration or expending continued efforts to obtain such

consent if CBI has diligently followed all agreed upon procedures in attempting to obtain such consent unless, after CBI advises that it cannot obtain a particular consent, the Agents, in their discretion reasonably exercised and in consultation with the Consultant, determine that the value to the Lenders of such collateral warrants paying additional consideration or expending continuing efforts to obtain such consent;

(B) notwithstanding the foregoing, the Agents may request that CBI or its Subsidiaries grant mortgages on additional real property (other than real property that is held in a Real Estate SPV) and provide surveys, title insurance or other reports specified in Section 5.02(j)(I)(6) on any real property (other than real property that is held in a Real Estate SPV) at any time in their sole discretion; and

(C) in the event that there is a change in the circumstances which gave rise to any real property interest being excluded from the requirements of this Section 5.01(j)(I) or the restrictions which prevented delivering documents hereunder or consummating a Transfer of such real property no longer exist, CBI and its Subsidiaries shall promptly Transfer such real property to a Real Estate SPV or execute and deliver to the Administrative

7

Agent all applicable documents required to be delivered under this Section 5.01(j)(I);

(D) if (1) CBT ceases to be subject to all regulation relating to telecommunications businesses by all federal, state and local governmental authorities which prohibits, restricts or requires regulatory approval for the (x) pledging of assets or (y) incurrence of indebtedness, and (2) any action described in clause (x) or (y) could not in the determination of CBI reasonably exercised be expected to result in any such regulatory authority taking an action or refusing to take an action which action or refusal to take any action could have a material adverse effect on CBT, then CBT shall cease to be an Excluded Entity and shall as promptly as practicable deliver to the Administrative Agent supplements to the Security Agreements and Subsidiary Guaranties in form and substance satisfactory to the Administrative Agent and shall as promptly as practicable take all steps necessary to comply with this Section 5.01(j)."

(i) Section 5.01(j)(I) is further amended by amending and restating clause (6) thereof to read as follows:

"(6) as promptly as practicable thereafter, deliver to the Administrative Agent title search reports (review of which shall be limited to the verification of the transferees of such property except in the case of real properties for which mortgages are being delivered) on all real property held by CBI and its Subsidiaries (other than Excluded Entities) as requested by the Administrative Agent, and upon the request of the Administrative Agent in its sole discretion, deliver to the Administrative Agent with respect to each parcel of real property owned or held by the entity that is the subject of such request, formation or acquisition title reports (review of which shall be limited to the verification of the transferees of such property except in the case of real properties for which mortgages are being delivered), surveys and engineering, soils and other reports, and environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent, *provided, however*, that title insurance policies, surveys and engineering, soils and other reports, and environmental assessment reports will not be required for any real property that is held in a Real Estate SPV, *provided further* to the extent that any Loan Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to such real property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent,"

(j) Section 5.01(j)(I) is further amended by deleting the word "and" at the end of clause (8) thereof and inserting at the end thereof the following *proviso*:

"provided, however, that the Agents, acting jointly, may extend any of the time limits set forth above by up to 30 days (or up to an additional (x) 90 days, solely

8

in the case of obtaining required approvals or consents for the pledging of assets, or (y) 120 days, solely in the case of obtaining required regulatory approvals for the pledging of assets)(it being understood that the Agents will grant any requested extension pursuant to this *proviso* if such extension is required solely because of the need to obtain regulatory approvals and CBI and its Subsidiaries are using their best efforts to obtain such approvals); and"

(k) Section 5.01 is further amended by inserting at the end thereof new clauses (r), (s), (t) and (u) to read as follows:

"(r) Cash Management System Transfer. Within 30 days after the Amendment No. 9 Effective Date or, if earlier, prior to the issuance of any New Notes, transfer the cash management system maintained by CBI to a Subsidiary Guarantor, such cash management system to be as more particularly described in the attached Schedule 5.01(r).

(s) Certain Charter Amendments. Within 30 days after the Amendment No. 9 Effective Date, amend the certificate of incorporation of Wireless Co. to establish (or, at the election of CBI, form a new wholly owned Subsidiary of Wireless Co. to hold the Equity Interests of Wireless LLC ("*Wireless Holdco*") that will have a certificate of incorporation that includes) customary "bankruptcy remote" protections and execute related documentation, all such protections and related documentation in form and substance reasonably acceptable to the Agents negotiated in good faith, with respect to Wireless Co. or Wireless Holdco.

(t) Creation of Special Purpose Entities. Prior to the required date for delivery of mortgages pursuant to Section 5.01(j)(I)(3), (w) create one or more wholly owned special purpose direct or indirect Subsidiaries of CBI (each a "*Real Estate SPV*") for the sole purpose of holding real property required to be pledged to the Administrative Agent for the benefit of the Lenders pursuant to Section 5.01(j)(I) that will be organized as a corporation or, at the option of CBI, a limited liability company in a jurisdiction acceptable to the Agents and will have charter documents that include customary "bankruptcy remote" protections in form and substance reasonably satisfactory to the Agents negotiated in good faith, (x) pledge the Equity Interests in each Real Estate SPV as Collateral under the Security Agreements, (y) deliver supplements to the Security Agreements and Subsidiary Guaranties duly executed by each Real Estate SPV in form and substance reasonably acceptable to the Agents, and (z) execute related documentation, all in form and substance reasonably acceptable to the Agents.

(u) Separate Corporate Existence. Cause each of Wireless Co. or, if formed pursuant to Section 5.01(s), Wireless Holdco, and each Real Estate SPV (each an "*SPV*") to comply in all respects with the terms and provisions of the corporate separateness covenants negotiated in good faith set forth in the supplements to the Subsidiary Guaranties to which each SPV is a party as if such covenants were set forth in full in this Agreement."

9

(l) Section 5.02(b)(i) is amended by (i) amending and restating clause (B) thereof in full to read as follows:

"(B) New Notes not to exceed the aggregate principal amount of \$1 billion dollars; *provided* that (x) 50% of the first \$500 million of Net Cash Proceeds from the issuance of New Notes shall be applied to prepay the Facilities, with such prepayment to be allocated ratably to the Revolving Credit Advances (as set forth in Section 2.06(b)(vi)), the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the remaining installments of the Term A

Advances, Incremental Term B Advances and Incremental Term C Advances, respectively, pro rata and (y) 100% of the Net Cash Proceeds in excess of \$500 million from the issuance of New Notes shall be applied to prepay the Facilities, with such prepayment to be allocated *first* ratably to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and applied to the remaining installments thereof pro rata and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi) (it being understood that all expenses or other amounts deducted in determining the calculation of Net Cash Proceeds from the issuance of New Notes at the same time shall be applied equally over the total principal amount of the New Notes being issued at such time),”

and (ii) by deleting the word “and” at the end of clause (B), by deleting the semicolon at the end of clause (C) and substituting therefor the phrase “, and”, and by inserting a new clause (D) at the end thereof to read as follows:

“(D) Debt owed to a wholly owned Subsidiary of CBI permitted under Section 5.02(f) (xi); *provided* that such Debt (x) shall constitute Pledged Debt, (y) shall be on terms acceptable to the Agents and (z) if evidenced by promissory notes, shall be in form and substance satisfactory to the Agents and such promissory notes shall be pledged as security for the Obligations of the holder thereof under the Loan Documents to which such holder is a party and delivered to the Administrative Agent pursuant to the terms of the Security Agreements; *provided further, however*, that CBI may not incur such Debt to service Debt under the New Notes or make payments in respect of Other Permitted Equity if a Blocking Event has occurred and is continuing;”

(m) Section 5.02(b)(iii) is amended by (i) inserting immediately after the phrase “in the case of CBI and its Subsidiaries” in the first line thereof the phrase “other than Wireless LLC”, (ii) inserting immediately after the phrase “of the other Loan Parties” in clause (I) thereof the phrase “other than with respect to the Senior Notes”, (iii) deleting the phrase “between CBI and its Subsidiaries arising under CBI’s” in clause (J) thereof and substituting therefor the phrase “among the Subsidiaries of CBI arising under the” and (iv) deleting the phrase “Schedule 5.02(b)(iii)(J)” at the end of clause (J) thereof and substituting therefor the phrase “Schedule 5.01(r)”.

(n) Section 5.02(b) is further amended by adding a new clause (iv) at the end thereof to read as follows:

10

“(iv) in the case of Wireless LLC,

(A) Debt relating to the acquisition of the Spectrum Assets not to exceed \$60,000,000 in aggregate principal amount at any time outstanding,

(B) Capitalized Leases, Debt secured by Liens permitted by Section 5.02 (a) (iv) or unsecured Debt, in the case of such unsecured Debt, maturing after the Termination Date, in the ordinary course of business for borrowed money or for the deferred purchase price of property or services, not to exceed \$50,000,000 in aggregate principal amount at any time outstanding under this clause (B), *provided* that any Debt outstanding under this clause (B) of a type described in Section 5.02(b)(iii)(B), (C) or (E), as the case may be, will automatically reduce the amount of Debt of such type permitted to be outstanding at such time under such clause (B), (C) or (E), as applicable,

(C) Debt of the type and subject to the restrictions set forth in Sections 5.02(b) (ii) and 5.02(b)(iii)(F) and (J), and

(D) Debt (x) existing on the Amendment No. 9 Effective Date and (y) refinancings of such Debt, in the case of clause (y), subject to the restrictions set forth in Section 5.02(b)(iii)(D) except that no Surviving Debt to be refinanced pursuant to this clause (D) that is owed to CBI or to a Subsidiary of CBI may be refinanced with Debt owed to a Person other than a Subsidiary of CBI; *provided* that any Debt outstanding at any time under

clause (x) of a type described in any clause of Section 5.02(b)(iii) will automatically reduce the amount of Debt of such type permitted to be outstanding at such time under such clause of Section 5.02(b)(iii), as applicable.”

(o) Section 5.02(d)(iv) is amended and restated in full to read as follows:

“(iv) any Mutual Subsidiary may merge into another Mutual Subsidiary or into IXCS and Unite may merge into CBI or Broadwing Holdings, Inc.,”

(p) Section 5.02(e)(viii) is amended by inserting immediately after the phrase “per annum,” in clause (A) the phrase “for periods ending prior to Fiscal Year 2002 and \$50,000,000 per annum commencing with Fiscal Year 2002”, (iii) inserting immediately after the phrase “from the date of receipt” at the end of the *proviso* after clause (C) thereof the phrase “with respect to sales, leases, transfers or other dispositions made before April 15, 2002 and 3 months from the date of receipt with respect to sales, leases, transfers or other dispositions made on or after April 15, 2002”, (iv) inserting immediately after the phrase “12 months from the date of receipt of such proceeds” in the first sentence after the *proviso* after clause (C) thereof the phrase “with respect to sales, leases, transfers or other dispositions made before April 15, 2002 and 3 months from the

11

date of receipt with respect to sales, leases, transfers or other dispositions made on or after April 15, 2002” and (v) inserting immediately after the phrase “reinvested within such 12 month period” in the last sentence thereof the phrase “or 3 month period (as the case may be)”.

(q) Section 5.02(f)(i) is amended by (i) inserting immediately after the phrase “wholly owned Subsidiaries” in clause (A) thereof the phrase “that are Subsidiary Guarantors” and (ii) inserting immediately after the phrase “in Excluded Entities” in clause (B) thereof the phrase “other than the Mutual Subsidiaries”.

(r) Section 5.02(f)(vii) is amended by adding immediately before the phrase “in an aggregate amount invested not to exceed 10%” the phrase “made prior to the Amendment No. 9 Effective Date” and adding immediately after the phrase “Net Tangible Assets at the time of any determination” the phrase “and other Investments made on or after the Amendment No. 9 Effective Date (other than Investments in CBI and the Mutual Subsidiaries made after April 15, 2002) in an aggregate amount invested not to exceed \$25,000,000 at any time”, (ii) by deleting the phrase “Net Tangible Assets or” in the parenthetical immediately before the *proviso* thereof and (iii) inserting immediately before the semi-colon at the end thereof the phrase “and (6) any Investment made under this clause (vii) that is not an acquisition of an Equity Interest shall be made by a Subsidiary Guarantor.”

(s) Section 5.02(f)(viii) is amended by inserting at the beginning thereof the phrase “Investments other than Investments in CBI and the Mutual Subsidiaries made after April 15, 2002 in”.

(t) Section 5.02(f)(ix) is amended and restated in full to read as follows:

“(ix) Investments consisting of debits and credits between a wholly owned Subsidiary of CBI and CBI and its Subsidiaries pursuant to the centralized cash management system referred to in Section 5.01(r); *provided* that such Investments between such wholly owned Subsidiary of CBI and CBI shall be subject to the restrictions set forth in Section 5.02(f)(xi), and Investments that arose under the centralized cash management system between CBI and its Subsidiaries prior to the date that is 30 days after the Amendment No. 9 Effective Date; *provided* that all such Investments made by CBI and each Subsidiary Guarantor are evidenced by promissory notes and constitute Pledged Debt; *provided further*, that CBI will hold no cash on the day after the implementation of the transfer of the centralized cash management system referred to in Section 5.01(r) other than cash transferred to CBI pursuant to Section 5.02(f)(xi) or 5.02(g)(vi), and”.

(u) Section 5.02(f) is further amended by inserting at the end thereof new clause (xi)

and new *proviso* to read as follows:

12

“(xi) Investments consisting of cash advances to CBI to pay (x) CBI Administrative Expenses, (y) dividends and payments referred to in clauses (iv) and (v) of Section 5.02(g) and (z) debt service for Debt of CBI that is permitted under this Agreement; *provided* that (1) such advances are evidenced by promissory notes, in form and substance satisfactory to the Agents, and such promissory notes shall be pledged as security for the Obligations of the holder thereof under the Loan Documents to which such holder is a party and delivered to the Administrative Agent pursuant to the terms of the Security Agreements, (2) such advances are not made earlier than 1 Business Day before the day that the obligations are to be paid and (3) the proceeds of such advances are either deposited directly to a deposit account maintained with the Administrative Agent or another Lender and in which the Administrative Agent, for the benefit of the Lenders, has a security interest pursuant to the terms of the Security Agreements or applied directly for a purpose referred to in clause (x), (y) or (z) above; *provided further, however*, that if a Blocking Event has occurred and is continuing, no such Investments shall be made in respect of a payment on the New Notes or the Other Permitted Equity;

provided that no Investments shall be made on or after April 15, 2002 in Excluded Entities other than (x) Investments in Wireless LLC, (y) Investments consisting of debits and credits arising pursuant to the centralized cash management system described in Section 5.02(f)(ix); *provided* that all such cash advances made to such Excluded Entities constitute Pledged Debt; *provided further* that all such Investments made to the Mutual Subsidiaries be in an amount not to exceed \$100,000 in aggregate at any time, and (z) in the case of CBT, Investments made pursuant to Section 5.02(f)(vi).”

(v) Section 5.02(g)(ii) is amended and restated in full to read as follows:

“(ii) any Subsidiary may (A) declare and pay cash dividends to any other wholly owned Subsidiary of CBI of which it is a Subsidiary and (B) accept capital contributions from its parent to the extent permitted under Section 5.02(f)(i),”

(w) Section 5.02(g)(iv) is amended by inserting immediately before the comma at the end thereof the phrase “and the Other Permitted Equity”.

(x) Section 5.02(g)(vi) is amended and restated in full to read as follows:

“(vi) any Subsidiary of CBI may:

(A) declare and pay cash dividends to CBI to pay (x) CBI Administrative Expenses, (y) dividends and payments referred to in clauses (iv) and (v) of Section 5.02(g) and (z) debt service for Debt of CBI that is permitted under this Agreement; *provided* that (1) such dividends

13

are not paid earlier than 1 Business Day before the day that the obligations are to be paid and (2) the proceeds of such dividends are deposited directly to a deposit account maintained with the Administrative Agent in which the Administrative Agent, for the benefit of the Lenders, has a security interest pursuant to the terms of the Security Agreements or applied directly for a purpose referred to in clause (x), (y) or (z) above, and

(B) distribute non-cash assets to CBI in connection with the merger or consolidation of a Subsidiary; *provided* that no Default has occurred and is continuing at the time of such transfer and the distribution of such non-cash assets is accompanied by a substantially simultaneous transfer of such non-cash assets from CBI to another Subsidiary,”

(y) Section 5.02(g) is further amended by inserting at the end thereof new clauses (viii), (ix) and (x) to read as follows:

“(viii) CBI may issue and sell additional common stock for cash; *provided that if* immediately prior to the time of any such issuance the Debt/EBITDA Ratio is not less than 3.75, during the period ending September 30, 2002, and not less than 3.50 at all times thereafter, 50% of the Net Cash Proceeds of such issuance of additional common stock (other than common stock issued to employees, officers and directors as part of compensation arrangements) shall be applied to prepay the Facilities *first* ratably to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the remaining installments thereof pro rata and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi) (it being understood that such prepayment shall not be required if the Debt/EBITDA Ratio at the time of such issuance is below the Debt/EBITDA Ratio specified above to be applicable at such time),

(ix) CBI may issue additional common stock upon the conversion of any of the Convertible Preferred Stock, the Junior Convertible Preferred Stock and the Other Permitted Equity, and

(x) CBI may issue and sell (A) up to an aggregate of \$200,000,000 face value of Other Permitted Equity; *provided that* 50% of the Net Cash Proceeds of the issuance of such Other Permitted Equity shall be applied to prepay the Facilities *first* ratably to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the remaining installments thereof pro rata and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi), and (B) up to an additional aggregate of \$100,000,000 face value of Other Permitted Equity; *provided that* 100% of the Net Cash Proceeds of such Other Permitted Equity in excess of \$200,000,000 face value shall be applied to prepay the Facilities *first* ratably to the Term A Advances, the Incremental Term B Advances and the Incremental Term C Advances and to the remaining installments thereof pro rata and *second* to the Revolving Credit Advances as set forth in clause 2.06(b)(vi).”

14

(z) Section 5.02(l) is amended by deleting the word “and” immediately preceding clause (ii) thereof and inserting a new clause (iii) at the end thereof to read “or (iii) customary provisions in the New Notes; *provided* such provisions permit Liens under the Loan Documents”.

(aa) Section 5.02 is further amended by inserting at the end thereof new clauses (s), (t) and (u) to read as follows:

“(s) Deposit Accounts. After 30 days after the Amendment No. 9 Effective Date or, if earlier, after the issuance of any New Notes, hold any deposit accounts of CBI or any of its Subsidiaries (other than payroll, workmen’s compensation, health and welfare, PAC accounts and similar types of accounts) that are not held with the Administrative Agent or with a third party bank subject to a control agreement that is in form and substance reasonably satisfactory to the Administrative Agent.

(t) Negative Covenants Applicable to Wireless Co. Notwithstanding Section 5.02, after 30 days after the Amendment No. 9 Effective Date, permit Wireless Co. (or, if Wireless Co. has elected to form Wireless Holdco in accordance with Section 5.01(s), Wireless Holdco, in which case this paragraph (t) shall not apply to Wireless Co.) to enter into or conduct any business, or engage in any activity (including, without limitation, any action or transaction that is restricted under Section 5.02 without regard to any of the enumerated exceptions to such covenants) other than providing general management services to Wireless LLC, holding the Equity Interests of Wireless LLC, exercising the voting rights and obligations as a member of Wireless LLC, holding and operating the Spectrum Assets, performing any obligations under the Loan Documents and engaging in other activities incidental and directly related to its existence and the foregoing.

(u) Negative Covenants Applicable to Real Estate SPVs. Notwithstanding Section

5.02, permit any Real Estate SPV to enter into or conduct any business, or engage in any activity (including, without limitation, any action or transaction that is restricted under Section 5.02 without regard to any of the enumerated exceptions to such covenants) other than holding real property interests and entering into and performing such Real Estate SPV's obligations under leases with respect thereto, performing such Real Estate SPV's obligations under the Loan Documents and engaging in other activities incidental and directly related to its existence and the foregoing."

(bb) Schedule 5.02(b)(iii)(J) is deleted in its entirety and new Schedule 5.01(r) is inserted in the appropriate chronological order to read as set forth in Schedule 5.01(r) attached hereto.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when the Administrative Agent shall have received counterparts of (x) this Amendment executed by the undersigned, the Required Lenders or, as to

15

any of the Lenders, advice satisfactory to the Administrative Agent that such Lender has executed this Amendment, and (y) the Consent attached hereto executed by each of the Subsidiary Guarantors except that Section 1 shall not become effective until the date (the "*Amendment No. 9 Effective Date*") when, and only when, each of the following conditions precedent shall have been satisfied; *provided* that Sections 1(m)(iii) and (iv), (t) and (bb) of this Amendment shall not become effective until 30 days after the Amendment No. 9 Effective Date:

(a) The representations and warranties set forth in each of the Loan Documents shall be correct in all material respects on and as of the Amendment No. 9 Effective Date, before and after giving effect to this Amendment, as though made on and as of such date (except for any such representation and warranty that, by its terms, refers to a specific date other than the Amendment No. 9 Effective Date, in which case as of such specific date).

(b) After giving effect to this Amendment, no event shall have occurred and be continuing that constitutes a Default or Event of Default.

(c) The Administrative Agent shall have received an amendment fee equal to 0.125% of the aggregate outstanding principal amount of Advances and the aggregate Unused Revolving Credit Commitments of each Lender that delivers an executed signature page to this Amendment no later than May 1, 2002, to be paid ratably to such Lenders; *provided* that the Administrative Agent shall escrow the portion of such fee calculated on \$250,000,000 and, as and when (on or before June 29, 2002) permanent prepayment of the Advances are made with proceeds of the New Notes or the Other Permitted Equity, the Administrative Agent shall return such amounts to CBI and any escrowed amounts, remaining on June 30, 2002 shall be paid ratably to such Lenders.

(d) The fees and expenses of counsel for the Administrative Agent shall have been paid.

The effectiveness of this Amendment is further conditioned upon the accuracy of all of the factual matters described herein. This Amendment is subject to the provisions of Section 9.01 of the Credit Agreement.

SECTION 3. Representations and Warranties. Each Borrower represents and warrants that the aggregate net asset value of the Mutual Subsidiaries as of March 31, 2002 is approximately \$13,300,000.

SECTION 4. Reference to and Effect on the Loan Documents. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement, as specifically amended by this Amendment, and the other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the

16

Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case as amended by this Amendment.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

SECTION 5. Costs, Expenses. Each of the Borrowers hereby agrees to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.04 of the Credit Agreement. The Borrowers acknowledge that the consultant referred to in Section 1(h) hereof is a consultant referred to in Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of this page intentionally left blank.]

17

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS
SERVICES INC. (f/k/a IXC COMMUNICATIONS
SERVICES, INC.)

By _____
Title:

Agreed as of the date first above written:

CITICORP USA, INC.,
as Administrative Agent and as Lender

By _____
Title:

BANK OF AMERICA, N.A.,
as Syndication Agent and as Lender

By _____
Title:

18

Lenders:

Institution

By _____
Title:

19

CONSENT

Each of the undersigned, as (i) Grantor under the Non-Shared Collateral Security Agreement dated as of November 9, 1999 and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Non-Shared Collateral Security Agreement") in favor of the Citicorp USA, Inc., as Administrative Agent (the "Administrative Agent"), for its benefit and the benefit of the Lenders parties to the Credit Agreement referred to in the foregoing Amendment No. 9, and/or (ii) Grantor under the Shared Collateral Security Agreement and amended by Letter Amendment and Waiver No. 1 dated as of May 17, 2000 (as amended, the "Shared Collateral Security Agreement", and together with the Non-Shared Collateral Security Agreement, the "Security Agreements") in favor of Wilmington Trust Company and John M. Beeson, as Collateral Trustees, for their benefit and the benefit of the Secured Holders referred to therein, and (iii) Guarantor under the IXCS Subsidiary Guaranty dated as of November 9, 1999 (the "IXCS Subsidiary Guaranty"), in favor of the Secured Parties referred to therein, and/or (iv) Guarantor under the CBI Subsidiary Guaranty dated as of November 9, 1999 (the "CBI Subsidiary Guaranty", and together with the IXCS Subsidiary Guaranty, the "Guarantees") in favor of the Secured Parties referred to therein, hereby consents to the foregoing Amendment No. 9 and hereby confirms and agrees that (a) notwithstanding the effectiveness of the foregoing Amendment No. 9, each Security Agreement and Guarantee to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, and (b) the Security Agreements to which such Grantor is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Secured Obligations (in each case, as defined therein.)

BROADWING INC. (f/k/a CINCINNATI BELL INC.)

By _____
Title:

BROADWING COMMUNICATIONS SERVICES

INC. (f/k/a IXC COMMUNICATIONS SERVICES,
INC.)

By _____
Title:

20

BROADWING COMMUNICATIONS INC. (f/k/a
IXC COMMUNICATIONS, INC.)

By _____
Title:

CINCINNATI BELL DIRECTORY INC.

By _____
Title:

BROADWING IT CONSULTING INC.

By _____
Title:

ZOOMTOWN.COM INC.

By _____
Title:

CINCINNATI BELL WIRELESS COMPANY

By _____
Title:

BROADWING HOLDINGS INC.

By _____
Title:

CINCINNATI BELL ANY DISTANCE INC.

By _____
 Title: _____

21

CINCINNATI BELL PUBLIC
COMMUNICATIONS INC.

By _____
 Title: _____

BROADWING TELECOMMUNICATIONS INC. (f/k/a
 ECLIPSE TELECOMMUNICATIONS, INC.)
 IXC BUSINESS SERVICES, LLC
 BROADWING COMMUNICATIONS SERVICES OF
 VIRGINIA, INC.
 IXC INTERNET SERVICES, INC.
 BROADWING LOCAL SERVICES INC.

By _____
 Title: _____

22

Schedule 5.01(r)
 to the Credit Agreement

Description of Centralized
Cash Management System: Cash Management
Procedures and Intercompany Lending

CBI and its subsidiary companies each maintain a cash concentration account at PNC Bank, N.A., in Cincinnati, Ohio. These accounts are directly connected to each other through daily sweeping transactions. The sweeping transactions are set up to automatically transfer any excess balances at CBI and the subsidiary companies into _____ company account at the end of each business day. If the CBI concentration account or subsidiary company concentration account has a negative balance at the end of a business day, funds are automatically transferred from _____ company account into CBI's or that subsidiary's account.

Sweeping transfers made from _____ company account into CBI and a subsidiary account are booked as a loan to CBI or the subsidiary. Sweeping transfers made from the subsidiary account to _____ company account are booked as a loan to _____. The net amount borrowed or loaned by CBI and each subsidiary (as the case may be) is added to CBI or that subsidiary's (as the case may be) previous outstanding loan balance with _____ and rolled forward.

No amount may be transferred to the CBI concentration account in respect of a payment on the New Notes or the Other Permitted Equity if a Blocking Event has occurred and is continuing.

23