CINCINNATI BELL INC
Form S-4/A
June 24, 2003

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As filed with the Securities and Exchange Commission on June 24, 2003

Registration No. 333-104618

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Cincinnati Bell Inc.

(Exact name of registrant as specified in its charter)

Ohio	**4813**	**31-1056105**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

201 East Fourth Street
Cincinnati, Ohio 45202
(513) 397-9900
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffrey C. Smith, Esq.
Chief Human Resources Officer,
General Counsel and Corporate Secretary
Cincinnati Bell Inc.
201 East Fourth Street
Cincinnati, Ohio 45202
(513) 397-9900
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective and the conditions to the consummation of the offer described herein have been satisfied or, to the extent permitted, waived.

If any of the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Information contained in this prospectus and solicitation statement is not complete and may be changed. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus and solicitation statement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus and Solicitation Statement Subject to completion dated, , 2003

[Cincinnati Bell Inc. logo]

OFFER TO EXCHANGE
11,076,707 Shares of Cincinnati Bell Inc. Common Stock
for the entire outstanding aggregate principal amount of
BRCOM Inc. 9% Senior Subordinated Notes due 2008
and
CONSENT SOLICITATION

We are offering to exchange 11,076,707 shares of our common stock for the entire outstanding aggregate principal amount of 9% Senior Subordinated Notes due 2008 of our BRCOM Inc. (f/k/a Broadwing Communications Inc.), or BCI, subsidiary, or 241.06 shares of Cincinnati Bell Common Stock for each outstanding $1,000 aggregate principal amount of BCI 9% Notes, upon the terms and subject to the conditions specified in this prospectus and solicitation statement and the related consent and letter of transmittal.

Concurrently with the exchange offer, we are also soliciting consents from holders of BCI 9% Notes to amend the indenture under which the notes were issued to eliminate all restrictive covenants. The exchange offer and consent solicitation will expire on , 2003 at 5:00 p.m., New York City time, unless extended.

The exchange offer and consent solicitation are conditioned upon, among other conditions, our receipt of valid tenders and consents from holders of not less than 95% of the outstanding BCI 9% Notes. Holders of notes representing approximately 92.2% of the outstanding aggregate principal amount of BCI 9% Notes have already agreed with us to tender their notes and give their consents.

Shares of Cincinnati Bell Common Stock are listed on the New York Stock Exchange under the symbol "CBB," and the last reported trading price on June 19, 2003 was $6.55. Based upon this $6.55 trading price, the value of the shares of Cincinnati Bell Common Stock that would be received in exchange for each $1,000 aggregate principal amount of BCI 9% Notes validly tendered and not properly withdrawn in the exchange offer would be approximately $1,578.94.

SEE "RISK FACTORS" BEGINNING ON PAGE 10 FOR A DISCUSSION OF ISSUES
THAT YOU SHOULD CONSIDER WITH RESPECT TO THE
EXCHANGE OFFER AND CONSENT SOLICITATION.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or this transaction, passed upon the merits or fairness of this transaction, or passed upon the adequacy or accuracy of this prospectus and solicitation statement. Any representation to the contrary is a criminal offense.

LEHMAN BROTHERS

Dealer Manager and Solicitation Agent

, 2003

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER AND CONSENT SOLICITATION

The following are some questions regarding the exchange offer and consent solicitation that you may have as a holder of BCI 9% Notes and the answers to those questions. We urge you to read carefully the remainder of this prospectus and solicitation statement and the related consent and letter of transmittal because the information in this section is not complete. Additional important information is contained in the remainder of this prospectus and solicitation statement and the consent and letter of transmittal.

Q:

What will I receive in exchange for my BCI 9% Notes?

A:

We are offering to exchange 241.06 shares of Cincinnati Bell Common Stock for each outstanding $1,000 aggregate principal amount of BCI 9% Notes validly tendered and not properly withdrawn in the exchange offer.

Q:

If I tender my BCI 9% Notes, when will I receive my shares of Cincinnati Bell Common Stock?

A:

Holders of BCI 9% Notes that tender their notes in the exchange offer will receive shares of Cincinnati Common Stock promptly after the closing of the exchange offer.

Q:

When does Cincinnati Bell expect to complete the exchange offer and consent solicitation?

A:

We hope to complete the exchange offer and consent solicitation in the third quarter of 2003. The exchange offer and consent solicitation are currently scheduled to expire on , 2003; however, we may extend the exchange offer and consent solicitation from time to time as necessary until all the conditions to the exchange offer and consent solicitation have been satisfied or, where permissible, waived.

Q:

If I decide not to tender, how will the exchange offer and consent solicitation affect my BCI 9% Notes?

A:

If you decide not to tender your BCI 9% Notes in the exchange offer and we complete the exchange offer and consent solicitation, holders of untendered BCI 9% Notes will not have the benefit of the restrictive covenants currently set forth in the indenture, and the liquidity and trading price of the remaining BCI 9% Notes will likely be adversely affected. If the exchange offer and consent solicitation are completed and BCI was unable to finance its operations or meet its remaining commitments going forward, it may be forced to seek protection from its creditors under Chapter 11 and the remaining holders would have senior subordinated debt claims against BCI, the surviving entity of the proposed merger to be effected upon consummation of the BCI preferred exchange offer.

Q:

Will I receive accrued and unpaid interest with respect to BCI 9% Notes accepted for exchange?

A:

No. You will not be paid any accrued and unpaid interest if you exchange your BCI 9% Notes pursuant to the exchange offer.

Q:

How do I participate in the exchange offer and consent solicitation?

A:

If you hold your notes in your own name, complete and sign the enclosed consent and letter of transmittal and return it with your notes certificates to The Bank of New York, the exchange agent for the exchange offer, at the appropriate address specified on the back cover of this prospectus and solicitation statement before the expiration date of the exchange offer and consent solicitation.

If you hold your notes through a broker or other nominee, instruct such broker or nominee to tender your notes and consent to the proposed amendments before the expiration date of the exchange offer and consent solicitation.

Q:

Will I have to pay any fees or commissions for tendering into the exchange offer?

A:

If you are the record owner of your notes and you tender your notes directly to the exchange agent, you will not have to pay any fees or commissions. If you hold your notes through a broker, bank or other nominee, and your broker tenders the notes on your behalf, your broker may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.

Q:

What do I do if I want to withdraw my notes from the exchange offer and revoke the related consents to the proposed amendments?

A:

To withdraw your notes from the exchange offer and revoke the related consents to the proposed amendments, send a written or facsimile transmission notice of withdrawal to the exchange agent at the appropriate address specified on the back cover of this prospectus and solicitation statement prior to the expiration date. Your notice of withdrawal must comply as to form with the requirements set forth in this prospectus and solicitation statement.

Q:

Where can I find more information about Cincinnati Bell and BCI?

A:

You can find more information about Cincinnati Bell and BCI from various sources described under "Where You Can Find More Information."

Q:

Who do I call if I have any questions on how to tender my BCI 9% Notes or any other questions relating to the exchange offer and consent solicitation?

A:

Questions and requests for assistance may be directed to The Bank of New York, the exchange agent, or to Lehman Brothers Inc., the dealer manager and solicitation agent, at their respective addresses and telephone numbers set forth on the back cover of this prospectus and solicitation statement. Requests for additional copies of this prospectus and solicitation statement and the consent and letter of transmittal may be directed to the exchange agent or the dealer manager and solicitation agent of the exchange offer and consent solicitation.

SUMMARY

This summary highlights selected information from this prospectus and solicitation statement and may not contain all of the information that is important to you. To better understand the proposed exchange offer and consent solicitation, we urge you to read this entire document carefully, as well as those additional documents to which we refer you. See "Where You Can Find More Information."

Background of the Exchange Offer and Consent Solicitation

Beginning with our acquisition of all of the common stock of BCI in November 1999, we have pursued a strategy of building an integrated high capacity communications network by using our financial resources to leverage BCI's strategic assets. From the acquisition of BCI to March 31, 2003, we used approximately $2.3 billion of cash flow from our other businesses as well as borrowings under our credit facilities to finance the buildout and increase the capacity of BCI's national optical network, as well as to meet BCI's other cash needs.

In 2001, the business environment for BCI and the broader telecommunications industry deteriorated rapidly and significantly and currently remains weak. Factors contributing to this weakness include a generally weak U.S. economy, overcapacity in the broadband industry and financial difficulties at companies in related industries, including many of BCI's telecommunications carrier customers.

BCI generated revenue of approximately $1.1 billion, or 50% of our consolidated revenue in 2002; however, BCI generated an operating loss of approximately $2.4 billion over the same period. In general, BCI has incurred substantial operating and net losses. From the acquisition of BCI through the end of 2002, BCI incurred approximately $3.2 billion in operating losses and approximately $5.4 billion in cumulative net losses. To finance BCI's capital expenditure and operating activities, as well as its preferred stock dividends and repayments of long-term debt, from the acquisition of BCI to March 31, 2003, we made capital contributions of approximately $829 million and intercompany loans and borrowings under our credit facilities of approximately $1.5 billion. As a result of those contributions and loans and the effects of a weak U.S. economy and telecommunications industry, we have incurred a substantial amount of debt.

The Restructuring Plan and Recent Developments

In response to BCI's deteriorating financial results and concerns over our liquidity, in October 2002 we announced a five-point restructuring plan. The restructuring plan is intended to strengthen our financial position, maintain the strength and stability of our local telephone business, reduce the cash expenditures at BCI, facilitate the evaluation of strategic alternatives and reduce our debt balances over time. We have made substantial progress in implementing the restructuring plan including the following:

on March 26, 2003, we received $350 million of gross cash proceeds from the issuance of 16% Senior Subordinated Discount Notes due 2009, referred to herein as the 16% Notes, and warrants as part of the Goldman mezzanine financing (as described in "Description of Cincinnati Bell and BCI Indebtedness Cincinnati Bell 16% Senior Subordinated Discount Notes due 2009").

on March 26, 2003, we permanently prepaid $220 million in borrowings under our term and revolving credit facilities and made a $90 million payment under our revolving credit facility with the net cash proceeds from the Goldman mezzanine financing and amended the terms of our credit facilities to provide us with greater liquidity for our operations.

on March 26, 2003, we executed a supplemental indenture in respect of the indenture governing the Convertible Subordinated Notes (as described in "Background of the Exchange Offer and

Consent Solicitation The Restructuring Plan and Recent Developments Convertible Subordinated Notes Supplemental Indenture").

on June 13, 2003, we consummated the first (and most significant) stage closing of the sale of our broadband business, in which we transferred substantially all of our broadband assets except for those for which state regulatory approval for transfer was still pending. At the first stage closing, we had received regulatory approval in states where approximately 75% of our 2002 broadband revenues were generated. In connection with the first stage closing, the buyers paid the cash purchase price of $91.5 million, of which $29.3 million was placed into escrow to support certain potential purchase price adjustments and the portion of the purchase price payable upon the consummation of the second and third stage closings, and issued to us a $17.2 million promissory note in connection with a purchase price working capital adjustment. In addition, the buyers have agreed to assume approximately $418.5 million in current and long-term liabilities and approximately $291.2 million of operating contractual commitments. See "Background of the Exchange Offer and Consent Solicitation The Restructuring Plan and Recent Developments Sale of our broadband business." Our business after the consummation of the broadband sale will primarily consist of our local and wireless telephone businesses and the only remaining BCI subsidiaries with operating assets will be Cincinnati Bell Technology Solutions Inc., an information technology consulting subsidiary, and BTI Inc., a subsidiary whose assets service Cincinnati Bell's long distance business.

on June 16, 2003, we permanently retired BCI's remaining $0.8 million outstanding 12½% Senior Notes due 2005 (as described in "Background of the Exchange Offer and Consent Solicitation The Restructuring Plan and Recent Developments Retirement of BCI 12½% Notes").

Concurrent with the exchange offer and consent solicitation, we are also offering to exchange 14,148,518 shares of Cincinnati Bell Common Stock for the 395,210 outstanding shares of BCI Preferred Stock (as described in "Description of Cincinnati Bell and BCI Indebtedness BCI 12% Junior Exchangeable Preferred Stock"), or 35.8 shares of Cincinnati Bell Common Stock for each share of BCI Preferred Stock. Holders of shares of the outstanding BCI Preferred Stock representing approximately 67.4% of the outstanding BCI Preferred Stock have already agreed to tender their shares and give their consents. If the BCI preferred exchange offer is completed, in connection therewith we will effect a merger of a newly-formed wholly owned subsidiary of Cincinnati Bell with and into BCI in which any remaining shares of BCI Preferred Stock not tendered in the BCI preferred exchange offer will be converted into the same number of shares of Cincinnati Bell Common Stock that holders of such shares would have received in the BCI preferred exchange offer.

Consequences for BCI

BCI conducts substantially all of its operations through its subsidiaries and is dependent upon dividends or other intercompany transfers of funds from its subsidiaries in order to meet its obligations. Following the completion of the remaining portion of the sale of our broadband business, the only remaining BCI subsidiaries with operating assets will be Cincinnati Bell Technology Solutions Inc., an information technology consulting subsidiary, and BTI Inc., a subsidiary whose assets service Cincinnati Bell's long distance business. See "Unaudited Pro Forma Condensed Consolidated Financial Information BRCOM Inc." for BCI's pro forma results of operations and balance sheet after giving effect to the sale of our broadband business. However, BCI retains substantial liabilities. The carrying value of the current and long-term liabilities to be retained totaled $1,654.8 million and $301.7 million, respectively, as of March 31, 2003. There can be no assurances that BCI will be able to generate sufficient cash from its remaining operations, restructure its obligations or obtain additional sources of financing, in light of the funding constraints described under "Description of Cincinnati Bell and BCI Indebtedness Cincinnati Bell 16% Senior Subordinated Discount Notes due 2009." As a result, BCI

may not be able to service the substantial liabilities remaining after the sale of our broadband business or to fund its other liquidity needs.

The uncertainty of future cash flows of BCI combined with the funding constraints discussed above have prompted PricewaterhouseCoopers LLP, BCI's independent accountants, to include a going concern explanatory paragraph in their report filed in connection with the stand-alone financial statements of BCI. The going concern explanatory paragraph means that, in the opinion of PricewaterhouseCoopers LLP, there exists substantial doubt about BCI's ability to continue as a going concern and its ability to realize its assets and discharge its liabilities in the normal course of business.

If BCI is unable to finance its operations or meet its remaining commitments going forward, it may be forced to seek protection from its creditors under Chapter 11, whether or not the exchange offer is consummated, in which case the holders of BCI 9% Notes will have senior subordinated debt claims against BCI, the surviving entity of the proposed merger to be effected upon consummation of the BCI preferred exchange offer.

See "Background of the Exchange Offer and Consent Solicitation Consequences for BCI" for a more detailed discussion of the restructuring plan.

Reasons for the Exchange Offer and Consent Solicitation

The exchange offer and consent solicitation are an integral part of the restructuring plan. The restructuring plan and the sale of our broadband business were undertaken to simplify our capital structure and focus on our remaining operations. The exchange offer and consent solicitation will improve our financial position and reduce remaining cash expenditures at BCI. The consent solicitation will eliminate all restrictive covenants in the indenture governing the BCI 9% Notes, thereby providing us with increased operational and financial flexibility in dealing with the remainder of BCI's assets and liabilities following the sale of our broadband business. In addition, pursuant to the terms of the agreement for the sale of our broadband business, we have agreed to use our best efforts to either retire the BCI 9% Notes or obtain the consent of the holders of BCI 9% Notes to the sale of our broadband business.

See "The Exchange Offer and Consent Solicitation Reasons for and Purpose of the Exchange Offer and Consent Solicitation."

The Exchange Offer and Consent Solicitation

We are offering to exchange 241.06 shares of Cincinnati Bell Common Stock for each outstanding $1,000 aggregate principal amount of BCI 9% Notes validly tendered and not properly withdrawn prior to the expiration date. Because the number of shares of Cincinnati Bell Common Stock you will receive for each $1,000 aggregate principal amount of BCI 9% Notes is fixed, the value of the shares of Cincinnati Bell Common Stock at the time you receive them could be less than their value at the time you tender your BCI 9% Notes.

The following table reflects the value of the shares of Cincinnati Bell Common Stock to be received by holders for each $1,000 aggregate principal amount of BCI 9% Notes across an assumed range of Cincinnati Bell Common Stock share prices:

	Cincinnati Bell Common Stock Per Share Price								
	$3.00	**$3.50**	**$4.00**	**$4.50**	**$5.00**	**$5.50**	**$6.00**	**$6.50**	**$7.00**
Value of 241.06 shares of Cincinnati Bell Common Stock	$ 723.18	$ 843.71	$ 964.24	$ 1,084.77	$ 1,205.30	$ 1,325.83	$ 1,446.36	$ 1,566.89	$ 1,687.42

Assuming the exchange offer and consent solicitation are completed, all outstanding shares of BCI Preferred Stock are tendered and accepted for exchange pursuant to the BCI preferred exchange offer,

and giving effect to the exercise of the 17.5 million warrants issued as part of the Goldman mezzanine financing, there would be 261,678,129 shares of Cincinnati Bell Common Stock outstanding on March 31, 2003. Based on this information, the former holders of BCI 9% Notes would hold approximately 4.2% of the outstanding shares of Cincinnati Bell Common Stock if the entire outstanding aggregate principal amount of BCI 9% Notes were validly tendered and accepted for exchange in the exchange offer.

We will retain all the BCI 9% Notes we receive in the exchange offer. You will not be paid any accrued and unpaid interest if you exchange your BCI 9% Notes pursuant to the exchange offer. Also, you will not receive any fractional shares. Instead, the exchange agent for the exchange offer, acting as your agent, will aggregate any fractional shares issuable and sell them for your account. The proceeds realized by the exchange agent on the sale of fractional shares will be distributed to you and the other tendering holders of BCI 9% Notes on a pro rata basis, net of commissions.

Concurrently with the exchange offer, we are also soliciting consents from holders of BCI 9% Notes to amend the indenture under which the notes were issued to eliminate all restrictive covenants. You may not deliver consents without tendering your BCI 9% Notes in the exchange offer. Your completion, execution and delivery of a consent and letter of transmittal will be deemed to constitute your consent to the proposed amendments with respect to the BCI 9% Notes tendered thereby unless such notes are properly withdrawn in the manner and during the periods described herein.

The term "expiration date" means 5:00 p.m., New York City time, on , 2003, unless we extend the period of time for which the exchange offer and consent solicitation are open, in which case the term "expiration date" means the latest time and date on which the exchange offer and consent solicitation, as so extended, expire.

As of March 31, 2003, holders representing approximately 92.2% of the outstanding aggregate principal amount of BCI 9% Notes have agreed with us to tender their notes and give their consents. See "The Exchange Offer and Consent Solicitation Exchange and Voting Agreement."

If the exchange offer and consent solicitation are not completed, we will evaluate our strategic alternatives regarding BCI. These may include the filing by BCI for protection under Chapter 11. If we choose to reorganize BCI under Chapter 11, holders of BCI 9% Notes will have senior subordinated debt claims against BCI, the surviving entity of the proposed merger to be effected upon consummation of the BCI preferred exchange offer. It is also possible we may choose to reorganize BCI under Chapter 11 following the consummation of the exchange offer and consent solicitation.

The proposed amendments to the indenture pursuant to which the BCI 9% Notes were issued will eliminate all restrictive covenants, including:

- the limitation on indebtedness;

the limitation on restricted payments;

the limitation on restrictions on distributions from restricted subsidiaries;

the limitation on sales of assets and subsidiary stock;

the limitation on affiliate transactions;

the limitation on the sale or issuance of capital stock of restricted subsidiaries;

the obligation to offer to repurchase the BCI 9% Notes upon a change of control;

the obligation to file annual, quarterly and other reports with the SEC; and

certain provisions of the limitation on asset sales and mergers.

See "Annex A Form of Supplemental Indenture."

The BCI board of directors has voted to recommend the exchange offer and consent solicitation to the holders of BCI 9% Notes. None of the Cincinnati Bell board of directors, the dealer manager and solicitation agent, or the exchange agent expresses any opinion, and each is remaining neutral to you as to whether or not to tender your BCI 9% Notes in the exchange offer and give your consent pursuant to the consent solicitation because the risks and benefits of the exchange offer to you will depend on your particular situation or status. Our board of directors has not made any determination that the exchange ratio represents a fair valuation of the BCI 9% Notes or the Cincinnati Bell Common Stock, and we have not obtained a fairness opinion from any financial advisor about the fairness of the exchange ratio to us or to you. In addition, we have not authorized anyone to make a recommendation regarding the exchange offer. You must make your own investment decision whether to tender your BCI 9% Notes in the exchange offer based upon your own assessment of the market value of the BCI 9% Notes, the likely value of the Cincinnati Bell Common Stock, your liquidity needs and your investment objectives.

Conditions to the Completion of the Exchange Offer and Consent Solicitation

Our obligation to complete the exchange offer and consent solicitation is subject to the following conditions described under "The Exchange Offer and Consent Solicitation Conditions of the Exchange Offer and Consent Solicitation":

the tender of at least 95% of the outstanding aggregate principal amount of BCI 9% Notes and the accompanying consents;

the registration statement, of which this prospectus and solicitation statement is a part, having been declared effective by the SEC;

the absence of any threatened or pending litigation or other legal action relating to the exchange offer and consent solicitation;

the absence of any material adverse change in the financial markets, any disruption in the banking system or any commencement of a war involving the United States (excluding the current U.S. military action in Iraq);

the absence of any merger, acquisition or other business combination proposal for Cincinnati Bell; and

the absence of any governmental approvals required in order to complete the exchange offer or consent solicitation.

Exchange and Voting Agreement

On March 24, 2003, we entered into an exchange and voting agreement with Harch Capital Management, Inc., Muzinich & Co. Credit and Allianz Investment Management, pursuant to which each of these holders of BCI 9% Notes agreed to tender all of their BCI 9% Notes and to consent to the amendments to the indenture governing the BCI 9% Notes. In addition, each party to the exchange and voting agreement agreed to use commercially reasonable efforts to complete the exchange offer and consent solicitation. In the aggregate, these holders own notes representing approximately 92.2% of the outstanding aggregate principal amount of BCI 9% Notes. See "The Exchange Offer and Consent Solicitation Exchange and Voting Agreement."

On June 6, 2003, we entered into an amendment to the exchange and voting agreement, pursuant to which each party to the amendment agreed to extend the termination date of the agreement to August 15, 2003 and to waive any default or event of default under the indenture governing the BCI 9% Notes that may result from the consummation of the sale of our broadband business.

Waiver and Release

Each holder of BCI 9% Notes by tendering and accepting Cincinnati Bell Common Stock pursuant to the exchange offer waives and releases Cincinnati Bell, BCI and their affiliates, and the respective directors, officers and employees of Cincinnati Bell, BCI and their affiliates from certain liabilities and claims against Cincinnati Bell, BCI or their affiliates, or against any of their respective officers, directors, employees and stockholders. See "The Exchange Offer and Consent Solicitation Waiver and Release."

Certain Risk Factors

Investment in the Cincinnati Bell Common Stock issuable in the exchange offer involves a high degree of risk. In deciding whether to tender your notes pursuant to the exchange offer and deliver related consents pursuant to the consent solicitation, you should carefully read this prospectus and solicitation statement, including the risk factors, as well as the documents incorporated by reference into this prospectus and solicitation statement. See "Risk Factors" for a more complete discussion of these and other factors to consider in connection with the exchange offer and consent solicitation.

Trading Price Information

Cincinnati Bell Common Stock is quoted on the NYSE under the symbol "CBB," and the last traded price for Cincinnati Bell Common Stock on the NYSE on June 19, 2003 was $6.55 per share. You are urged to obtain current market quotations.

Timing of the Exchange Offer and Consent Solicitation

We hope to complete the exchange offer and consent solicitation by the end of the third quarter of 2003. The exchange offer and consent solicitation are currently scheduled to expire on , 2003; however, we may extend the exchange offer and consent solicitation from time to time as necessary until all the conditions to the exchange offer and consent solicitation have been satisfied or, where permissible, waived. See "The Exchange Offer and Consent Solicitation Extension, Termination and Amendment."

Exchange of BCI 9% Notes

Upon the terms and subject to the conditions of the exchange offer, we will accept for exchange, and will exchange, BCI 9% Notes validly tendered and not properly withdrawn as promptly as practicable after the expiration date. We will retain all the BCI 9% Notes we receive in the exchange offer.

Procedures For Tendering and Delivering Consents

To validly tender your BCI 9% Notes pursuant to the exchange offer and consent to the proposed amendments pursuant to the consent solicitation, you must:

(1) complete, execute and transmit a consent and letter of transmittal, along with any required signature guarantees, or an agent's message, and any other required documents, to the exchange agent at the address set forth on the back cover of this prospectus and solicitation statement and certificates for tendered BCI 9% Notes must be received by the exchange agent at such address, or those BCI 9% Notes must be tendered pursuant to the procedures for book-entry tender set forth in "The Exchange Offer and Consent Solicitation" (and a confirmation of receipt of such tender received), in each case before the expiration date; or

(2) comply with the guaranteed delivery procedures set forth in "The Exchange Offer and Consent Solicitation Guaranteed Delivery."

Holders of BCI 9% Notes tendered via book entry or guaranteed delivery procedures will still be required to complete and execute the consent and letter of transmittal.

Withdrawal of Tenders and Revocation of Consents

To withdraw your notes from the exchange offer and to revoke related consents from the consent solicitation, send a written or facsimile transmission notice of withdrawal to the exchange agent at the appropriate address specified on the back cover of this prospectus and solicitation statement prior to the expiration date. Your notice of withdrawal must comply as to form with the requirements set forth in this prospectus and solicitation statement. See "The Exchange Offer and Consent Solicitation Withdrawal of Tenders and Revocation of Consents."

Exchange Agent and Dealer Manager and Solicitation Agent

Questions and requests for assistance may be directed to The Bank of New York, the exchange agent, or to Lehman Brothers, the dealer manager and solicitation agent, at their respective addresses and telephone numbers set forth on the back cover of this prospectus and solicitation statement. Requests for additional copies of this prospectus and solicitation statement and the consent and letter of transmittal may be directed to The Bank of New York or Lehman Brothers.

Accounting Treatment

Our acquisition of the BCI 9% Notes through the exchange offer will be accounted for as an extinguishment of debt. As such, there would be a gain or loss upon consummation of the exchange that will be recorded on the statement of operations of BCI and, through consolidation, Cincinnati Bell's statement of operations.

BCI will eliminate the BCI 9% Notes, with a carrying value of $46.0 million, from its balance of long-term debt and record a gain or loss in its statement of operations to the extent the carrying value of the BCI 9% Notes of $46.0 million, exceeds or is less than the fair value of Cincinnati Bell Common Stock issued in the exchange offer. The fair value of the Cincinnati Bell Common Stock issued in the exchange offer would be reflected as a payable to Cincinnati Bell on BCI's balance sheet. We will record a receivable from BCI in the amount of the fair value of Cincinnati Bell Common Stock issued in the exchange offer. We will also record an increase in additional paid-in capital to the extent the fair value of Cincinnati Bell Common Stock issued in the exchange offer exceeds its par value.

On a consolidated basis, long-term debt as reflected in BCI's balance sheet with a carrying value of $46.0 million will be eliminated and the amount of additional paid-in capital and par value of Cincinnati Bell Common Stock issued will increase by the fair value of the common stock issued upon consummation of the exchange. The difference between the carrying value of long-term debt eliminated and fair value of Cincinnati Bell Common Stock issued will be recorded as a gain or loss on the exchange in the statement of operations.

Certain U.S. Federal Income Tax Considerations

The exchange of BCI 9% Notes for Cincinnati Bell Common Stock will be a taxable exchange for U.S. Federal income tax purposes. You will recognize gain or loss on the exchange equal to the difference between the fair market value of the Cincinnati Bell Common Stock (including fractional shares) exchanged for your BCI 9% Notes and your tax basis in the BCI 9% Notes surrendered in the exchange. For a further discussion of certain U.S. Federal income tax considerations relating to the exchange offer that might be applicable to you, see "Certain

U.S. Federal Income Tax Considerations."

RISK FACTORS

In deciding whether to tender your notes pursuant to the exchange offer and deliver related consents pursuant to the consent solicitation, we urge you to read this prospectus and solicitation statement and the documents incorporated by reference into this prospectus and solicitation statement carefully. You should also consider the risk factors described below.

Risk Factors Related to the Exchange Offer and Consent Solicitation

Because the number of shares of Cincinnati Bell Common Stock that you receive in the exchange offer is fixed, the value of the shares of Cincinnati Bell Common Stock at the time you receive them could be less than their value at the time you tender your BCI 9% Notes.

In the exchange offer, each $1,000 aggregate principal amount of BCI 9% Notes will be exchanged for 241.06 shares of Cincinnati Bell Common Stock. This is a fixed exchange ratio. The exchange offer does not provide for an adjustment in the exchange ratio even if there is an increase or a decrease in the trading price of the Cincinnati Bell Common Stock between the date of this prospectus and solicitation statement and the expiration date of the exchange offer and consent solicitation. The value of 241.06 shares of Cincinnati Bell Common Stock across a range of trading prices is provided in chart form in "Summary The Exchange Offer and Consent Solicitation." The trading price of the Cincinnati Bell Common Stock will likely be different on the date of the expiration of the exchange offer and consent solicitation than it is today because of ordinary trading fluctuations as well as changes in the business, operations or prospects of Cincinnati Bell, market reactions to the exchange offer and consent solicitation and the restructuring plan, possible other acquisitions or dispositions by us, general market and economic conditions and other factors. See "Stock Prices and Dividends."

The trading price of Cincinnati Bell Common Stock may be volatile and securities class actions resulting from such volatility may have a material impact on the financial condition and operating results of our business.

The trading price of Cincinnati Bell Common Stock may fluctuate substantially as a result of periodic variations in the actual or anticipated financial results of our businesses or of other companies in the telecommunications industry. In addition, the stock market has experienced price and volume fluctuations due to the general weakness in the U.S. economy and other factors that have affected the trading price of many telecommunications stocks. These fluctuations have sometimes been unrelated or disproportionate to the operating performance of these companies. Fluctuations such as these have affected and are likely to continue to affect the trading price of Cincinnati Bell Common Stock. For example, during the fifty-two week period ended May 31, 2003, the high and low closing sales prices per share of Cincinnati Bell Common Stock were $5.25 and $1.15, respectively.

Furthermore, securities class actions have often been instituted against companies following periods of volatility and decline in the trading prices of such companies' securities. In 2002 and 2003, a number of putative class action and derivative lawsuits were filed against us and our officers and directors. These lawsuits allege violations of, *inter alia*, the securities laws and the Employee Retirement Income Security Act of 1974, as amended. We intend to defend these actions vigorously. However, such litigation could result in substantial costs and have a material impact on the financial condition and operating results of our business. We could be required to pay substantial damages, including compensatory damages, attorneys' fees and other costs, if we were to lose any of these lawsuits.

The trading price of Cincinnati Bell Common Stock may decline due to future issuances of shares.

As of March 31, 2003, there were approximately 218,952,904 million shares of Cincinnati Bell Common Stock outstanding. Each depositary share representing one-twentieth of a share of our 6$^{3}/_{4}$% Preferred Stock (as described in "Description of Cincinnati Bell Capital Stock") may be redeemed at any time at the option of the holders, for 1.44 shares of Cincinnati Bell Common Stock, or 4,477,410 total shares, and our Convertible Subordinated Notes may be redeemed at the option of the holders for shares of Cincinnati Bell Common Stock at an initial conversion price of $29.89 per share, or 17,107,503 total shares, based on the accreted value of the Convertible Subordinated Notes as of March 31, 2003. In connection with the Goldman mezzanine financing, we issued 17,500,000 warrants, each to purchase one share of Cincinnati

Bell Common Stock at $3.00 per share. These warrants are exercisable at any time until March 26, 2013. If the exchange offer is completed and the entire outstanding aggregate principal amount of BCI 9% Notes outstanding is tendered and accepted for exchange, we will issue an additional 11,076,707 shares of Cincinnati Bell Common Stock. If the BCI preferred exchange offer is completed and all outstanding shares of BCI Preferred Stock are tendered and accepted for exchange, we will issue an additional 14,148,518 shares of Cincinnati Bell Common Stock. In addition, our board of directors has approved the grant of options to purchase an aggregate of 50,000,000 shares to our employees, executives and directors and, as of March 31, 2003, options to purchase 36,487,000 of these shares have been issued and remain outstanding. The issuance or expected issuance of a large number of shares of Cincinnati Bell Common Stock (or unexercised warrants convertible into Cincinnati Bell Common Stock) at any time after the date of this prospectus and solicitation statement could negatively affect the trading price of Cincinnati Bell Common Stock.

The sole director of BCI has potential conflicts of interest with respect to the exchange offer, consent solicitation and the supplemental indenture; our board of directors has potential conflicts of interest with respect to the exchange offer and consent solicitation.

You should be aware that certain significant conflicts of interest exist for the sole member of the BCI board of directors. Thomas L. Schilling, the sole member of the BCI board of directors, also serves as the Chief Financial Officer of Cincinnati Bell. Mr. Schilling's compensation is ultimately determined by the compensation committee of the Cincinnati Bell board of directors. In addition, on February 3, 2003, we entered into an amended employment agreement with Mr. Schilling, whereby Mr. Schilling was incentivized to sell our broadband business, amend the terms of the credit facilities and remain at Cincinnati Bell through the completion of our restructuring plan. Since these objectives have been achieved, Mr. Schilling is entitled to a success bonus equal to 50% of the sum of his annual base salary plus his bonus target. We do not expect that the exchange offer and consent solicitation or the supplemental indenture will be evaluated by any independent directors of BCI. See "Relationship Between Cincinnati Bell and BCI Relationship of Directors and Executive Officers of BCI with Cincinnati Bell."

You should also be aware that Cincinnati Bell's directors and executive officers have interests in the restructuring plan that are different from, or in addition to, or that might conflict with, the interests of the holders of the BCI 9% Notes. See "Relationship Between Cincinnati Bell and BCI Relationship of Directors and Executive Officers of BCI with Cincinnati Bell" for a description of potential conflicts of interest between Cincinnati Bell's directors and executive officers and the holders of the BCI 9% Notes. Our board of directors was aware of these interests and conflicts when it determined to approve the exchange offer and consent solicitation pursuant to the restructuring plan.

The proposed amendments to the indenture will eliminate many protections intended for the holders of BCI 9% Notes.

If the exchange offer and consent solicitation are completed, the proposed amendments to the indenture pursuant to which the BCI 9% Notes were issued will eliminate all restrictive covenants. See "The Exchange Offer and Consent Solicitation The Proposed Amendments" for a description of the proposed amendments to the indenture for the BCI 9% Notes.

If the proposed amendments are adopted, the amended terms of the BCI 9% Notes will afford less protection to holders than that currently set forth in the indenture. If the exchange offer and consent solicitation are completed, each non-exchanging holder of BCI 9% Notes will be bound by the proposed amendments even if such holder did not consent to the proposed amendments.

Consents with respect to at least a majority in principal amount of the outstanding BCI 9% Notes must be received in order to amend the indenture under which the BCI 9% Notes were issued. As of March 31, 2003, holders of notes representing approximately 92.2% of the outstanding aggregate principal amount of BCI 9% Notes have agreed with Cincinnati Bell to tender their notes and give their consents. See "The Exchange Offer and Consent Solicitation Exchange and Voting Agreement." Each non-exchanging holder of BCI 9% Notes will be bound by such amended indenture even if such holder did not give its consent.

The liquidity of BCI 9% Notes after the completion of the exchange offer and consent solicitation will be reduced.

If some holders of BCI 9% Notes do not elect to participate in the exchange offer there may be BCI 9% Notes outstanding after our acceptance of the notes tendered pursuant to the exchange offer.

The trading market for BCI 9% Notes outstanding immediately after the exchange offer could become limited or nonexistent due to the reduction in the amount of BCI 9% Notes outstanding after completion of the exchange offer. If a market for the unexchanged BCI 9% Notes exists after consummation of the exchange offer, the BCI 9% Notes may trade at a discount to the price at which they would trade if the exchange offer had not been consummated, depending on prevailing interest rates, the market for similar securities and other factors. We cannot assure you that an active market in the unexchanged BCI 9% Notes will exist or be maintained and cannot assure you as to the prices at which

the unexchanged BCI 9% Notes may trade.

Upon the execution of the supplemental indenture and the consummation of the exchange offer and consent solicitation and the BCI preferred exchange offer, BCI will no longer be required to file reports with the SEC pursuant to the Exchange Act.

Pursuant to the terms of the indenture governing the BCI 9% Notes and the certificate of designation governing the BCI Preferred Stock, BCI is required to file periodic reports with the SEC as specified in Sections 13 and 15(d) of the Exchange Act. In connection with the BCI preferred exchange offer, we are also currently soliciting consents to amend the BCI Preferred Stock certificate of designation to eliminate BCI's periodic reporting requirements. Holders of shares representing at least $66^{2}/_{3}\%$ of the outstanding shares of BCI Preferred Stock must consent to an amendment of the BCI Preferred Stock certificate of designation, and as of March 31, 2003 holders of shares representing approximately of 67.4% of the outstanding shares of BCI Preferred Stock have already agreed to give their consents. Upon the effectiveness of the proposed amendments, the indenture governing the BCI 9% Notes will no longer require BCI to file reports with the SEC.

BCI's status as a non-filing company would limit the amount of information about BCI that it would be required to make publicly available under the Exchange Act and could have a negative

impact on the trading market of any BCI 9% Notes outstanding after the completion of the exchange offer and consent solicitation.

Anti-takeover provisions of Ohio General Corporation Law, our amended articles of incorporation and our rights agreement may affect the value of the Cincinnati Bell Common Stock.

Certain provisions of the Ohio General Corporation Law may discourage or prevent a third party from acquiring control of Cincinnati Bell. Such provisions may discourage bids for the Cincinnati Bell Common Stock at a premium over the trading price and may adversely affect the trading price and voting and other rights of the holders of Cincinnati Bell Common Stock.

Our amended articles of incorporation authorize our board of directors to issue Series A Preferred Stock in connection with our rights agreement. Under our rights agreement, rights attach to each share of Cincinnati Bell Common Stock outstanding and, when exercisable, entitle the registered holder to purchase from Cincinnati Bell one one-thousandth of a share of Cincinnati Bell Series A Preferred Stock. The issuance of Cincinnati Bell Series A Preferred Stock could make it more difficult for a third party to acquire us. We have no present plans to issue shares of Series A Preferred Stock. See "Description of Cincinnati Bell Capital Stock Preferred Stock" and "Description of Cincinnati Bell Capital Stock Anti-takeover Effects of Ohio Law" for a more complete description of our capitalization and the effects of the Ohio General Corporation Law on certain actions that we may take.

Risk Factors Related to the Business of Cincinnati Bell

Our financial condition could be adversely affected if we are unable to realize fully our deferred tax assets.

As of March 31, 2003, we had total deferred tax assets of $1,179 billion, including a deferred tax asset of $270 million relating to $771 million of U.S. Federal net operating loss carryforwards and a deferred tax asset of $143 million relating to state and local net operating loss carryforwards. In addition, we had other deferred tax assets, principally related to the fourth quarter 2002 impairment charge related to our broadband business. As of March 31, 2003, a valuation allowance of $1,175 million was recorded against our total deferred tax assets of $1,179 million. For more information concerning our net operating loss carryforwards, deferred tax assets and valuation allowance, see Note 11 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended in December 31, 2002. If we are unable fully realize our deferred tax assets, as a result of insufficient taxable income or otherwise, our business, financial condition and results of operations could be adversely affected.

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

We have a substantial amount of debt and have significant debt service obligations. As of March 31, 2003, we had outstanding indebtedness of $2,540.4 million and a total shareholders' deficit of $2,378.4 million. As of March 31, 2003, we had the ability to borrow an additional $268.9 million under our revolving credit facility, subject to compliance with certain conditions. On March 26, 2003, we completed an amendment to our credit facilities, which included the extension of the maturity of our revolving credit facility from 2004 to 2006, and the

acceleration of a portion of our term loan facilities from 2004 to 2003.

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

- we will be required to use a substantial portion of our cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow to fund

working capital, capital expenditures, strategic acquisitions, investments and alliances and other general corporate requirements;

- our interest expense could increase if interest rates in general increase because a substantial portion of our debt bears interest at floating rates;

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

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

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

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

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

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

If we fail to successfully implement the restructuring plan, our business, financial condition and results of operations would be adversely affected.

There can be no assurances that the restructuring plan or any of the restructuring initiatives under the restructuring plan will be successful. The first stage closing of the sale of our broadband business was completed on June 13, 2003. The final two stages of the sale of our broadband business are expected to close by the end of the third quarter of 2003. There can be no assurance that the exchange offer and consent solicitation or the BCI preferred exchange offer will be successfully completed. If we fail to successfully implement the restructuring plan, our business, financial condition and results of operations would be adversely affected.

We depend upon our credit facilities to provide for our financing requirements in excess of amounts generated by operations.

We depend on the credit facilities to provide for financing requirements in excess of amounts generated by operations. As of March 31, 2003, we had the ability to borrow an additional $268.9 million under our credit facilities. However, the ability to borrow from the credit facilities is predicated on our and our subsidiaries' compliance with covenants that have been negotiated with the lenders. Failure to satisfy these covenants could severely constrain our ability to borrow under the credit facilities. As of March 31, 2003, we were in compliance with all of the covenants of our credit facilities.

Our credit facilities and other debt instruments contain covenants which impose significant operational and financial restrictions on us and the failure to comply with these covenants would result in an event of default under these instruments.

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

incur additional indebtedness;

create liens;

make investments;

enter into transactions with affiliates;

sell assets;

guarantee indebtedness;

declare or pay dividends or other distributions to shareholders;

repurchase equity interests;

redeem debt that is junior in right of payment to such indebtedness;

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

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

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

In addition, our credit facilities include other and more restrictive covenants and materially limit our ability to prepay other debt and preferred stock while debt under the credit facilities is outstanding. The agreements governing the credit facilities also require us to achieve specified financial and operating results and maintain compliance with specified financial ratios. We have a substantial amount of debt and it is uncertain whether we will continue to remain in compliance with these agreements.

The restrictions contained in the terms of the credit facilities and our other debt instruments could:

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

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

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios could result in a default under the credit facilities. See " We depend upon our credit facilities to provide for our financing requirements in excess of amounts generated by operations" for a description of the effects of a default under the credit facilities.

We operate in a highly competitive industry and our customers may not continue to purchase our services, which could result in our having reduced revenues and loss of market share.

There is substantial competition in the telecommunications industry. Competition may intensify due to the efforts of existing competitors to address difficult market conditions through reduced pricing, bundled offerings or otherwise, as well as a result of the entrance of new competitors and the development of new technologies, products and services. If we cannot offer reliable, value-added services on a price competitive basis in any of our markets, we could be adversely impacted by competitive forces. In addition, if we do not keep pace with technological advances or fail to respond timely to changes in competitive factors in the industry, we could lose market share or experience a decline in our revenue and profit margins.

Cincinnati Bell Telephone faces competition from other local exchange carriers, wireless services providers, interexchange carriers, cable providers and Internet access providers. We believe Cincinnati Bell Telephone will face greater competition as more competitors emerge and focus resources on the Greater Cincinnati metropolitan area.

Cincinnati Bell Wireless is one of six active wireless service providers in the Cincinnati and Dayton, Ohio metropolitan market areas, including Cingular, Sprint PCS, T-Mobile, Verizon and Nextel, all of which are nationally known. We anticipate that competition will cause the market prices for wireless products and services to decline in the future. Cincinnati Bell Wireless's ability to compete will depend, in part on its ability to anticipate and respond to various competitive factors affecting the telecommunications industry. Furthermore, there has been a trend in the wireless communications industry towards consolidation of wireless service providers through joint ventures, reorganizations and acquisitions. We expect this consolidation to lead to larger competitors who have greater resources or who offer more services than Cincinnati Bell Wireless.

Our other subsidiaries operate in a largely local or regional area, and each of these subsidiaries faces significant competition. Cincinnati Bell Any Distance's competitors include large national long-distance carriers such as AT&T Corp., WorldCom Inc. and Sprint Corporation. Cincinnati Bell Public Communications competes with several other public payphone providers, some of which are national in scope and offer lower prices for coin-based local calling services. Our payphone subsidiary, Cincinnati Bell Public Communications, has also continued to be adversely impacted by the growing popularity of wireless communications. Cincinnati Bell Technology Solutions competes against numerous other information technology consulting, web-hosting and computer system integration companies, many of which are larger, national in scope and better financed.

The effect of the foregoing competition could have a material adverse impact on our businesses, financial condition and results of operations. This could result in increased reliance of borrowed funds and could impact our ability to maintain our optical, wireline and wireless networks.

Maintaining our networks requires significant capital expenditures and our inability or failure to maintain our networks would have a material impact on our market share and ability to generate revenue.

As we approached completion of the buildout of BCI's national optical network, capital expenditures of $844 million in 2000 decreased to $649 million in 2001, and decreased again in 2002 to $176 million. In the first quarter of 2003, capital expenditures totaled $22.0 million compared to $52.7 million in the first quarter of 2002. We may incur significant additional capital expenditures as a result of unanticipated expenses, regulatory changes and other events that impact our business. If we

are unable or fail to adequately maintain our networks, there would be a material adverse impact on market share and ability to generate revenue.

The regulation of our businesses by federal and state authorities may, among other things, place us at a competitive disadvantage, restrict our ability to price our products and services and threaten our operating licenses.

Several of our subsidiaries are subject to regulatory oversight of varying degrees at both the state and federal levels. A significant portion of Cincinnati Bell Telephone's revenue is derived from pricing plans that require regulatory overview and approval. Different interpretations by regulatory bodies may result in adjustments to revenue in future periods. In recent years, these regulated pricing plans have resulted in decreasing or fixed rates for some services. In the future, regulatory initiatives that would put us at a competitive disadvantage or mandate lower rates for our services could result in lower profitability and cash flow for us.

At the federal level, Cincinnati Bell Telephone is subject to the Telecommunications Act of 1996, including the rules subsequently adopted by the FCC to implement the 1996 Act, which we expect to impact Cincinnati Bell Telephone's in-territory local exchange operations in the form of greater competition.

At the state level, Cincinnati Bell Telephone conducts local exchange operations in portions of Ohio, Kentucky and Indiana and, consequently, is subject to regulation by the Public Utilities Commissions in those states. In Ohio, the Public Utility Commission has concluded a proceeding to establish permanent rates that Cincinnati Bell Telephone can charge to competitive local exchange carriers for unbundled network elements, although some elements will remain subject to interim rates indefinitely. 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. Cincinnati Bell Telephone is also subject to an Alternative Regulation Plan in Ohio. The current plan gives Cincinnati Bell Telephone pricing flexibility in several competitive service categories in exchange for its commitment to freeze certain basic residential service rates during the term of the plan. The term of the current plan will expire on June 30, 2004. Failure to obtain approval of a new plan after the June 30, 2004 expiration date with similar pricing flexibility could have an adverse impact on its operations.

Cincinnati Bell Wireless' FCC licenses to provide wireless services are subject to renewal and revocation. Although the FCC has routinely renewed wireless licenses in the past, we cannot be assured that challenges will not be brought against those licenses in the future. Revocation or non-renewal of Cincinnati Bell Wireless' licenses would result in lower operating results and cash flow for Cincinnati Bell.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues that could result in significant changes to the business conditions in the telecommunications industry. No assurance can be given that changes in current or future regulations adopted by the FCC or state regulators, or other legislative, administrative, or judicial initiatives relating to the telecommunications industry, would not have a material adverse effect on our business, financial condition and results of operations.

Our success in the telecommunications industry depends on the introduction of new products and services.

Our success depends, in part, on being able to anticipate the needs of current and future enterprise, carrier and residential customers. We seek to meet these needs through new product introductions, service quality and technological superiority. In 2003, we have begun to implement the Global System for Mobile Communications and General Packet Radio Service, or GSM/GPRS, technology. GSM/GPRS technology provides enhanced wireless data and voice communications. Several

competitors as well as our wireless partner, AT&T Wireless, have announced plans to begin, or have begun, using GSM/GPRS or a comparable technology in their national networks. We are also investigating the implementation of the next generation of high-speed voice and data communications with very-high-speed digital subscribed lines, or VDSL. New products and services such as these and our ability to anticipate the future needs of our customers are critical to our success.

Continuing softness in the U.S. economy is having a disproportionate effect in the telecommunications industry.

In 2001, the business environment for the telecommunications industry deteriorated significantly and rapidly and remains weak. This was primarily due to: the general weakness in the U.S. economy, which was exacerbated by the events of September 11, 2001, and concerns regarding terrorism; pressure on prices for broadband services due to substantial excess fiber capacity in most markets; and forecasted demand for broadband services not being realized as a result of the state of the economy, the bankruptcy or liquidation of a substantial number of Internet companies, and financial difficulties experienced by many telecommunications customers. We expect these trends to continue, including reduced business from financially troubled customers and downward pressure on prices due to reduced demand and overcapacity. If these trends do continue, there could be a material adverse impact on our business, financial condition and results of operations.

Terrorist attacks and other acts of violence or war may affect the financial markets and our business, financial condition and results of operations.

As a result of the September 11, 2001 terrorist attacks and subsequent events, there has been considerable uncertainty in world financial markets. The full effect of these events, as well as concerns about future terrorist attacks, on the financial markets is not yet known, but could adversely affect our ability to obtain financing on terms acceptable to us, or at all, to finance our capital expenditures or working capital.

Terrorist attacks may negatively affect our operations and financial condition. There can be no assurance that there will not be further attacks against the United States or U.S. businesses or armed conflict involving the United States. Additionally, the recent escalation in tensions between the United States and Iraq has resulted in U.S. military action in Iraq. Further terrorist attacks or other acts of violence or war may directly impact our physical facilities or those of our customers and vendors. These events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and world financial markets and economy. They could result in an economic recession in the United States or abroad. Any of these occurrences could have a material adverse impact on our business, financial condition and results of operations.

We expect significant changes in the wireless communications industry.

The wireless communications industry is experiencing significant technological change. This includes the increasing pace of digital upgrades, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and changes in consumer needs and preferences. Our Cincinnati Bell Wireless subsidiary currently offers its services over a digital wireless network using Time Division Multiple Access, or TDMA, technology. In 2003 we have begun to implement GSM/GPRS technology, which several competitors, as well as our wireless partner, AT&T Wireless, have already begun using. This new technology will run in parallel with the existing TDMA technology for the foreseeable future. However, the prospects of our wireless business will depend on the success of our conversion to GSM/GPRS technology and on our ability to anticipate and adapt to future changes in the wireless communications industry.

Risk Factors Related to BCI

BCI's substantial debt could limit its ability to fund operations, limit its ability to raise additional capital and have a material adverse effect on its ability to fulfill its obligations and on its business generally.

BCI is highly leveraged and has significant debt service obligations. As of March 31, 2003, BCI had aggregate outstanding indebtedness of $1,772.8 million and a total shareholders' deficit of $2,562 million. Of BCI's debt outstanding as of March 31, 2003, $1,501.1 million is debt owed to Cincinnati Bell.

BCI's substantial debt could have important consequences to you, including the fact that it will be required to use a substantial portion of its cash flow from remaining operations to pay principal and interest on its debt, thereby reducing the availability of its cash flow to make interest and principal payments on the BCI 9% Notes, fund working capital, capital expenditures, and other general corporation requirements.

The servicing of BCI's indebtedness will require a significant amount of cash, and BCI's ability to generate cash depends on many factors beyond its control; Cincinnati Bell's ability to finance BCI's operations is restricted.

BCI expects to obtain needed cash from operations and, to the limited extent still allowed under various credit documents, from intercompany loans from Cincinnati Bell. BCI's ability to generate cash is also subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. BCI cannot assure you that its remaining business will generate sufficient cash flow from operations, additional sources of funding will be available to it, or that future borrowings will be available to it in amounts sufficient to enable it to service its indebtedness or to fund its other liquidity needs.

On March 26, 2003, we received $350 million of gross cash proceeds from the issuance of the 16% Notes as part of the Goldman mezzanine financing. The 16% Notes indenture contains numerous restrictions on the ability of Cincinnati Bell to make further investments in BCI. See "Description of Cincinnati Bell and BCI Indebtedness Cincinnati Bell 16% Senior Subordinated Discount Notes due 2009" for a description of the restrictions on our ability to make investments in BCI under the 16% Notes indenture.

In the past, we have made capital contributions and intercompany loans to BCI to finance BCI's operating activities and other obligations, including its preferred stock dividends and repayments of long-term debt. In 2002, BCI received intercompany loans from us of $23.3 million and capital contributions of $1.9 million. In the three-month period ended March 31, 2003, BCI received intercompany loans from us of $8.3 million and no capital contributions. Because the 16% Notes indenture and the amended terms of the credit facilities have restricted our ability to continue funding BCI, as of May 31, 2003, we had the ability to invest an additional $30.7 million in BCI. If BCI requires funds in excess of the amounts permitted by the 16% Notes indenture and the amended terms of the credit facilities, there can be no assurances that the holders of the 16% Notes or the lenders under the credit facilities will consent to us investing additional money to allow BCI to meet its obligations.

As of March 31, 2003, BCI's subsidiary, BCSI Inc., had borrowed $223.0 million under our credit facilities. However, the amended terms of our credit facilities prohibit any additional borrowings by BCI or its subsidiaries. Because BCI has relied on our credit facilities in the past to fund its operations, the restrictions on future borrowings might adversely affect its ability to access sufficient cash to meet its obligations.

The uncertainty of future cash flows of BCI combined with the funding constraints discussed above have prompted PricewaterhouseCoopers LLP, BCI's independent accountants, to include a going concern explanatory paragraph in their report filed in connection with the stand-alone financial statements of BCI. The going concern explanatory paragraph means that, in the opinion of PricewaterhouseCoopers LLP, there exists substantial doubt about BCI's ability to continue as a going concern and its ability to realize its assets and discharge its liabilities in the normal course of business. If BCI is unable to finance its operations or meet its remaining obligations going forward, it may be forced to seek protection from its creditors under Chapter 11, whether or not the exchange offer is consummated, in which case holders of the BCI 9% Notes will have senior subordinated debt claims against BCI, the surviving entity of the proposed merger to be effected upon consummation of the BCI preferred exchange offer.

There will be little or no remaining cash proceeds from the sale of our broadband business to fund BCI's general corporate requirements.

There will be little or no remaining net cash proceeds from the sale of our broadband business to fund BCI's working capital, capital expenditures and other general corporate requirements. Under the amended terms of our credit facilities, the proceeds from the sale of our broadband business may be used to pay BCI's remaining liabilities and claims not assumed by the buyers. Any remaining net proceeds will be applied 60% to prepay our credit facilities and 40% to pay certain of BCI's other obligations, provided that, in the event of a bankruptcy of BCI or any of its subsidiaries, 100% of any such remaining net proceeds must be applied to prepay our credit facilities. If there are any proceeds remaining after BCI's obligations have been satisfied, those amounts must be applied to pay down our credit facilities.

BCI depends on the receipt of dividends or other intercompany transfers from its subsidiaries.

BCI conducts substantially all of its operations through its subsidiaries and substantially all of its operating assets are held directly by its subsidiaries. BCI will therefore be dependent upon dividends or other intercompany transfers of funds from these subsidiaries in order to make interest and principal payments on or redeem the BCI 9% Notes and to meet its other obligations. See "Unaudited Pro Forma Condensed Consolidated Financial Information BRCOM Inc." for BCI's pro forma results of operations and balance sheet after giving effect to the sale of the broadband business.

Accordingly, in the event of the dissolution, bankruptcy, liquidation or reorganization of BCI, amounts may not be available for payments on the BCI 9% Notes until after the payment in full of the claims of creditors of its subsidiaries.

BCI may be forced to file for protection under Chapter 11.

If the exchange offer is not completed, BCI may be forced to seek an alternative to exchanging the BCI 9% Notes. BCI may consider filing for protection under Chapter 11, through which BCI's plan of reorganization could be on terms less favorable to holders of BCI 9% Notes than the terms of the exchange offer. In addition, there is a risk that distributions, if any, to holders of BCI 9% Notes under a liquidation or under a protracted and non-orderly restructuring would be substantially delayed and diminished. It is also possible we may choose to reorganize BCI under Chapter 11 following the consummation of the exchange offer and consent solicitation.

Following the completion of the remaining portion of the sale of our broadband business, substantially all of the operating assets of certain of BCI's subsidiaries will have been sold and BCI will have retained substantial liabilities and contingent liabilities.

BCI conducts substantially all of its operations through its subsidiaries and is therefore dependent upon dividends or other intercompany transfers of funds from its subsidiaries in order to meet its obligations. Following the completion of the remaining portion of the sale of our broadband business, the only remaining BCI subsidiaries with operating assets will be Cincinnati Bell Technology Solutions Inc., an information technology consulting subsidiary, and BTI Inc., a subsidiary whose assets service Cincinnati Bell's long distance business. See "Unaudited Pro Forma Condensed Consolidated Financial Information BRCOM Inc." for BCI's pro forma results of operations and balance sheet after giving effect to the sale of our broadband business. Upon the completion of the sale of our broadband business, BCI will retain substantial liabilities. In addition, BCI will retain obligations related to its contingent liabilities, including an ongoing contract dispute over BCI's agreement to construct a fiber route system. Although we believe BCI is due significant amounts under the contract, the timing and outcome of this dispute is not currently predictable. For more information concerning this contingent liability, see Note 20 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002. The carrying value of the current and long-term liabilities to be retained totaled $1,654.8 million and $301.7 million, respectively, as of March 31, 2003.

Furthermore, there will be little or no remaining net cash proceeds from the sale of our broadband business to fund BCI's working capital, capital expenditures and other general corporate requirements. Under the amended terms of our credit facilities, the proceeds from the sale of our broadband business may be used to pay BCI's remaining liabilities and claims not assumed by the buyers. Any remaining net proceeds will be applied 60% to prepay our credit facilities and 40% to pay certain of BCI's other obligations, provided that, in the event of a bankruptcy of BCI or any of its subsidiaries, 100% of any such remaining net proceeds must be applied to prepay our credit facilities. If there are any proceeds remaining after those BCI obligations have been satisfied, those amounts must be applied to pay down Cincinnati Bell's credit facilities. There can be no assurances that BCI will be able to generate sufficient cash from its remaining operations, that Cincinnati Bell will be able or willing to make intercompany loans to BCI or that additional sources of financing will be available to BCI to enable BCI to service the substantial liabilities remaining from the sale of our broadband business or to fund its other liquidity needs. If BCI is unable to fund its operations after the sale of substantially all of its operating assets, BCI may explore alternative transactions or sources of financing, including borrowing money or raising equity capital. There can be no assurances that any such transactions could be consummated on acceptable terms, or at all.

FORWARD-LOOKING STATEMENTS

This prospectus and solicitation statement contains forward-looking statements, which are based on our (together with our majority-owned consolidated subsidiaries over which we exercise control) current expectations, estimates and projections. Statements that are not historical facts, including statements about the beliefs, expectations and future plans and strategies of Cincinnati Bell, are forward-looking statements. These include any statements regarding:

- future revenue, profit percentages, income tax refunds, realization of deferred tax assets, earnings per share or other results of operations;
- the continuation of historical trends;
- the sufficiency of cash balances and cash generated from operating and financing activities for future liquidity and capital resource needs;
- the effect of legal and regulatory developments;
- the expected results of our various restructuring plan initiatives; and
- the economy in general or the future of the communications services industries.

Actual results may differ materially from those expressed or implied in forward-looking statements. These statements involve potential risks and uncertainties, which include, but are not limited to:

- changing market conditions and growth rates within the telecommunications industry or generally within the overall economy;
- world and national events that may affect our ability to provide services or the market for telecommunications services;
- changes in competition in markets in which we operate;
- pressures on the pricing of our products and services;
- advances in telecommunications technology;
- the ability to generate sufficient cash flow to fund our business plan and maintain our networks;
- the ability to refinance our indebtedness when required on commercially reasonable terms;
- our ability to continue to finance BCI;
- changes in the telecommunications regulatory environment;
- changes in the demand for our services and products;
- the demand for particular products and services within the overall mix of products sold, as our products and services have varying profit margins;
- our ability to procure key network components from key vendors;
- our ability to rely on portions of other companies' networks under operating leases and IRU agreements;
- our ability to introduce new service and product offerings in a timely and cost effective basis;
- our ability to attract and retain highly qualified employees;
- our ability to access capital markets and the successful execution of restructuring initiatives; and
- volatility in the stock market, which may affect the value of our stock.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

For a further discussion of such risks, uncertainties and assumptions, see "Risk Factors." You are urged to consider these factors in evaluating the forward-looking statements.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

We are providing the following information to assist you in analyzing the financial aspects of the exchange offer. We urge you to read all the information contained in the following table together with the historical financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the annual and other reports filed by Cincinnati Bell and BCI with the SEC and incorporated by reference into this prospectus and solicitation statement. See "Where You Can Find More Information."

Cincinnati Bell Inc.

The selected historical consolidated financial data as of December 31, 1998, 1999, 2000, 2001 and 2002 and for each of the years ended December 31, 1998, 1999, 2000, 2001 and 2002 have been derived from our audited consolidated financial statements and the related notes. The selected historical consolidated financial data as of March 31, 2002 and 2003 and for each of the three-month periods ended March 31, 2002 and 2003, have been derived from our unaudited condensed consolidated financial statements and the related notes for such period, which in the opinion of our management include all adjustments necessary to present fairly the financial results for such periods. Interim results are not necessarily indicative of the results that may be expected for any other interim period or for a full year.

	Year Ended December 31,					Three Months Ended March 31,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in millions)						
Operating Data							
Revenue	$ 791.6	$ 1,030.1	$ 1,973.7	$ 2,271.6	$ 2,155.9	$ 542.8	$ 480.7
Operating expenses excluding restructuring and other charges (credits)	655.6	921.0	1,978.1	2,247.3	2,011.4	517.4	381.2
Restructuring, impairment and other charges (credits)(a)	(1.1)	10.9	(0.8)	245.4	2,238.0	16.2	0.3
Operating income (loss)	137.1	98.2	(3.6)	(221.1)	(2,093.5)	9.2	99.2
Interest expense and other financing costs(b)	24.1	61.6	163.6	168.1	164.2	38.3	45.3
Loss (gain) on investments(c)			356.3	(11.8)	10.7		
Income (loss) from continuing operations before income taxes, extraordinary items and cumulative effect of change in accounting principle	83.3	25.4	(584.9)	(412.3)	(2,325.5)	(42.4)	39.9
Net income (loss)	$ 149.9	$ 31.4	$ (377.1)	$ (286.2)	$ (4,222.3)	$ (1,824.4)	$ 123.8
Earnings (loss) per common share from continuing operations(d):							
Basic	$ 0.41	$ 0.06	$ (1.95)	$ (1.50)	$ (11.18)	$ (8.38)	$ 0.55
Diluted	$ 0.40	$ 0.05	$ (1.95)	$ (1.50)	$ (11.18)	$ (8.38)	$ 0.55
Dividends declared per common share	$ 0.40	$ 0.20	$	$	$	$	
Weighted average common shares outstanding (millions)							
Basic	136.0	144.3	211.7	217.4	218.4	218.2	218.9
Diluted	138.2	150.7	211.7	217.4	218.4	218.2	219.9

	Year Ended December 31,					Three Months Ended March 31,	
Financial Position							
Property, plant and equipment, net	$ 697.8	$ 2,510.9	$ 2,978.6	$ 3,059.3	$ 867.9	$ 2,993.8	$ 933.5
Total assets(e)	1,041.8	6,505.4	6,477.6	6,312.0	1,467.6	4,084.1	1,594.2
Long-term debt(b)	366.8	2,136.0	2,507.0	2,702.0	2,354.7	2,537.9	2,184.1
Total debt(b)	553.0	2,145.2	2,521.0	2,852.0	2,558.4	2,574.1	3,526.9
Total long-term obligations(g)	464.6	3,791.8	3,716.0	3,693.4	3,249.3	3,497.7	3,121.7
Minority Interest(f)		434.0	433.8	435.7	443.9	437.6	445.7
Shareowners' equity (deficit)(e)	142.1	2,132.8	2,021.5	1,678.4	(2,548.3)	(142.4)	(2,378.4)
Other Data							
Cash flow provided by (used in) operating activities	$ 205.9	$ 314.3	$ 328.4	$ 259.5	$ 192.6	$ (17.4)	$ 32.7
Cash flow provided by (used in) investing activities	(309.0)	(641.0)	(851.9)	(534.6)	192.4	315.6	(18.2)
Cash flow provided by (used in) financing activities	99.4	397.2	480.6	267.2	(370.1)	(303.3)	(23.0)
Capital expenditures	143.4	381.0	843.7	648.5	175.9	52.7	22.0

(a) See Notes 1, 2 and 3 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(b) See Note 5 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(c) See Note 4 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(d) See Note 10 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(e) See Notes 1 and 2 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(f) See Note 8 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(g) Total long-term obligations comprise total long-term liabilities and the BCI redeemable preferred stock, which is classified as minority interest in the Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

BRCOM Inc.

The selected historical financial data as of December 31, 1998 and November 9, 1999 and for the year ended December 31, 1998 and the period from January 1 to November 9, 1999 have been derived from BCI's predecessor's, IXC Communications, Inc., audited financial statements and the related notes. The selected historical financial data as of December 31, 1999, 2000, 2001 and 2002 and for each of the period from November 10 to December 31, 1999 and the years ended December 31, 2000, 2001 and 2002 have been derived from BCI's audited financial statements and the related notes. The selected historical consolidated financial data as of March 31, 2002 and 2003 and for each of the three-month periods ended March 31, 2002 and 2003, have been derived from BCI's unaudited condensed consolidated financial statements and the related notes for such period, which in the opinion of BCI's management include all adjustments necessary to present fairly the financial results for such periods. Interim results are not necessarily indicative of the results that may be expected for any other interim period or for a full year.

	Predecessor		BCI					
				Year Ended December 31,			Three Months Ended March 31,	
	Year Ended December 31, 1998	Period from Jan. 1 to Nov. 9, 1999	Period from Nov. 10 to Dec. 31, 1999	2000	2001	2002	2002	2003
	(dollars in millions)							
Operating Data(a):								
Revenue	$ 668.6	$ 568.2	$ 99.0	$ 1,004.6	$ 1,197.6	$ 1,068.1	$ 269.0	$ 210.6
Operating income (loss)	(30.8)	(214.1)	(46.5)	(225.7)	(502.1)	(2,437.6)	(74.0)	9.8
Loss (gain) on investments		23.8		394.5	(11.6)	(0.2)		
Loss before extraordinary item	(95.5)	(281.0)	(38.9)	(463.3)	(382.2)	(2,533.7)	(88.6)	(10.1)
Extraordinary loss	(67.0)		(6.6)					
Cumulative effect of change in accounting principle(b)						2,008.7	2,008.7	
Net income (loss)	$ (162.5)	$ (281.0)	$ (45.5)	$ (464.6)	$ (388.4)	$ (4,542.4)	$ (2,066.1)	$ 11.4
Financial Position(a):								
Property, plant and equipment, net (c)	$ 983.7		$ 1,726.4	$ 2,103.9	$ 2,182.0	$ 54.7	$ 2,134.7	$ 1.8
Total assets	1,748.2		5,147.2	4,994.2	4,977.8	239.1	2,906.6	226.7
Total debt and capital lease obligations(d)	693.0		1,046.2	1,057.1	1,563.5	1,737.9	1,668.1	1,738.0
Redeemable preferred stocks(e)	447.9		418.2	421.0	417.8	414.4	417.1	413.7
Total long-term obligations(g)	1,624.1		2,343.2	2,164.0	2,450.1	978.6	2,529.6	1,000.2
Shareowner's equity (deficit)(f)	(72.5)		2,463.6	2,394.0	2,024.6	(2,561.8)	(51.2)	(2,562.0)
Other Financial data(a)								
Cash flow provided by (used in) operating activities	$ 202.3	$ 71.5	$ 87.8	$ (32.7)	$ (111.4)	$ (94.9)	$ (68.9)	$ (32.2)
Cash flow used in investing activities	(522.9)	(558.1)	(160.8)	(590.0)	(441.6)	(64.9)	(26.8)	(0.5)
Cash flow provided by financing activities	431.0	285.5	65.5	596.9	534.2	151.1	93.9	36.9
Capital expenditures	476.4	479.1	165.0	599.9	472.0	64.9	26.8	0.5

(a)

On November 9, 1999 (the "Merger Date"), IXC Communications, Inc. completed a merger with a wholly owned subsidiary of Cincinnati Bell to form BCI (the "IXC Merger"). This merger was accounted for as a purchase business combination and, accordingly, purchase accounting adjustments, including goodwill, have been pushed down and are reflected in BCI's financial statements subsequent to the Merger Date. The financial statements for periods before the Merger Date were prepared using BCI's historical basis of accounting and are designated as "Predecessor." The financial statements for periods

after the merger are designated as "BCI." The comparability of operating results for the Predecessor and BCI periods are affected by the purchase accounting adjustments. The 2002, 2001 and 2000 results presented included the results of Cincinnati Bell Technology Solutions Inc. as Cincinnati Bell contributed the capital stock of the information technology consulting business to BCI during 2000. The 2002, 2001 and 2000 results also reflect an agreement with the former Cincinnati Bell Long Distance to service its customers outside of the Cincinnati, Ohio area. All revenue and expenses associated with the former Cincinnati Bell Long Distance's customers outside the Cincinnati area were assigned to BCI.

(b)

See Notes 1 and 2 of the Notes to Consolidated Financial Statements, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

(c)

See Note 1 of the Notes to Consolidated Financial Statements, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

(d)

See Note 5 of the Notes to Consolidated Financial Statements, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

(e)

See Note 7 of the Notes to Consolidated Financial Statements, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

(f)

See Note 9 of the Notes to Consolidated Financial Statements, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

(g)

Total long-term obligations comprise total long-term liabilities and redeemable preferred stock, included in BCI's Annual Report on Form 10-K for the year ended December 31, 2002.

CAPITALIZATION

We are providing the following information to assist you in analyzing the financial aspects of the exchange offer. We urge you to read all the information contained in the following table together with the historical financial statements and related notes contained in the annual and other reports filed by Cincinnati Bell and BCI with the SEC and incorporated by reference into this prospectus and solicitation statement. See "Where You Can Find More Information."

Cincinnati Bell Inc.

The following table sets forth our capitalization as of March 31, 2003 (1) on an actual basis, (2) as adjusted to give effect to the sale of our broadband business announced on February 22, 2003, the first stage closing of which was consummated on June 13, 2003, (3) as further adjusted to give effect to the BCI preferred exchange offer (assuming all shares of BCI Preferred Stock are tendered and accepted for exchange) and (4) as further adjusted to give effect to the exchange offer being made by this prospectus and solicitation statement (assuming the entire outstanding aggregate principal amount of BCI 9% Notes are tendered and accepted for exchange). For a more detailed description of our capitalization, see "Description of Cincinnati Bell Capital Stock" and "Description of Cincinnati Bell and BCI Indebtedness." The following table is not adjusted to give effect to the retirement on June 16, 2003 of $0.8 million aggregate principal amount outstanding of BCI's 12½% Senior Notes due 2005.

	As of March 31, 2003
	(dollars in millions)

	As of March 31, 2003			
	Actual	As adjusted for the broadband sale	As adjusted for the broadband sale and the BCI preferred exchange offer	As adjusted for the the broadband sale, the BCI preferred exchange offer and the exchange offer
Cincinnati Bell Inc.				
Cash and cash equivalents:	$ 36.4	$ 127.9	$ 127.9	$ 127.9
Restricted cash	7.0	7.0	7.0	7.0
Total debt (including current portion):				
Revolving credit facility	361.7	361.7	367.2	367.7
Term loan facilities				
Term loan A	516.2	516.2	516.2	516.2
Term loan B	307.0	307.0	307.0	307.0
Term loan C	137.1	137.1	137.1	137.1
Total credit facilities	1,322.0	1,322.0	1,327.5	1,328.0
7¼% Senior secured notes	50.0	50.0	50.0	50.0
Capital lease obligations and vendor financing	38.6	36.5	36.5	36.5
Cincinnati Bell Telephone notes	270.0	270.0	270.0	270.0
16% notes	350.2	350.2	350.2	350.2
12½% Senior notes (BCI)	0.8	0.8	0.8	0.8
9% Senior subordinated notes (BCI)	46.0	46.0	46.0	
Convertible subordinated notes	511.3	511.3	511.3	511.3
Unamortized discount	(48.5)	(48.5)	(48.5)	(48.5)
Total debt	2,540.4	2,538.3	2,543.8	2,498.3
12.5% Preferred stock (BCI)	413.7	413.7		
Shareowners' deficit:				
6¾% Cumulative preferred stock	129.4	129.4	129.4	129.4
Common shareowners' deficit	(2,507.8)	(2,129.8)	(1,678.4)	(1,631.0)
Total shareowners' deficit	(2,378.4)	(2,000.4)	(1,549.0)	(1,501.6)
Total capitalization	$ 575.7	$ 951.6	$ 994.8	$ 996.7

BRCOM Inc.

The following table sets forth BCI's capitalization as of March 31, 2003 (1) on an actual basis, (2) as adjusted to give effect to the broadband sale, (3) as further adjusted to give effect to the BCI preferred exchange offer (assuming all shares of BCI Preferred Stock are tendered and accepted for exchange) and (4) as further adjusted to give effect to the exchange offer being made by this prospectus and solicitation statement (assuming the entire outstanding aggregate principal amount of BCI 9% Notes are tendered and accepted for exchange). For a more detailed description of BCI's capitalization, see "Description of Cincinnati Bell Capital Stock" and "Description of Cincinnati Bell and BCI Indebtedness." The following table is not adjusted to give effect to the retirement on June 16, 2003 of $0.8 million aggregate principal amount outstanding of BCI's 12½% Senior Notes due 2005.

	As of March 31, 2003 (dollars in millions)			
	Actual	As adjusted for the broadband sale	As adjusted for the broadband sale and the BCI preferred exchange offer	As adjusted for the broadband sale, the BCI preferred exchange offer and the exchange offer
BRCOM Inc.				
Cash and cash equivalents:	$ 7.1	$ 98.6	$ 98.6	$ 98.6
Total debt (including current portion):				
Total credit facilities	223.0	223.0	223.0	223.0
Intercompany payable to parent	1,501.0	1,501.0	1,573.2	1,629.7
Capital leases and vendor financing	4.1	2.0	2.0	2.0
12½% Senior notes (BCI)	0.8	0.8	0.8	0.8
9% Senior subordinated notes (BCI)	46.0	46.0	46.0	
Total debt	1,774.9	1,772.8	1,845.0	1,855.5
12.5% Preferred stock	413.7	413.7		
Shareowner's deficit:				
Common shareowner's deficit	(2,562.0)	(2,184.0)	(1,799.3)	(1,807.9)
Total shareowner's deficit	(2,562.0)	(2,184.0)	(1,799.3)	(1,807.9)
Total capitalization	$ (373.4)	$ 2.5	$ 45.7	$ 47.6

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

We are providing the following information to assist you in analyzing the financial aspects of the exchange offer. We urge you to read all the information contained in this section together with the historical financial statements and related notes contained in the annual and other reports filed by Cincinnati Bell and BCI with the SEC and incorporated by reference into this prospectus and solicitation statement. See "Where You Can Find More Information."

Cincinnati Bell Inc.

The following unaudited pro forma condensed consolidated financial information reflects Cincinnati Bell's results of operations for the year ended December 31, 2002 and the three-month period ended March 31, 2003 and Cincinnati Bell's balance sheet as of March 31, 2003, after giving effect to all of the pro forma transactions described below. The unaudited pro forma statements of operations give effect to the following transactions as if they had occurred on January 1, 2002, and the unaudited pro forma balance sheet as of March 31, 2003 gives effect to the following transactions as if they had occurred as of that date, except for the March 26, 2003 financing transactions, which are included in the actual results as of March 31, 2003. The pro forma transactions include the following:

(a) The March 26, 2003 financing transactions, which included the following three items:

(1) Our receipt of $350 million of gross cash proceeds from the issuance of 16% Notes. The indenture governing the 16% Notes contains covenants, including restrictions on the Company's ability to fund the operations of BCI and its subsidiaries. Proceeds from the Goldman mezzanine financing, net of fees of $40 million related to the Goldman mezzanine financing and the amendment to our credit facilities, were used to pay down borrowings under the Company's credit facilities. In addition, purchasers of the 16% Notes received 17.5 million warrants, each to purchase one share of Cincinnati Bell Common Stock at $3.00 per share, which were valued at $47.5 million upon issuance.

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48,371

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest

$

1,253

$

555

NON-CASH FINANCING ACTIVITIES:

Accretion of dividends on preferred stock

	$		
	$		9,000
Fair value of Series A-6 convertible preferred stock issued as settlement of liability			
	$		
	$		10,109
Fair value of warrants issued			
	$		
	$		1,511
Initial public offering closing costs included in accrued expenses and other current liabilities			
	$		
	$		

		1,182
Reclassification of preferred stock to common stock		
	$	
	$	298,063

See accompanying notes to unaudited condensed financial statements.

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Radius Health, Inc.

Notes to Financial Statements

(Unaudited)

1. Organization

Radius Health, Inc. (the Company) is a science-driven biopharmaceutical company focused on developing new therapeutics for patients with osteoporosis as well as other serious endocrine-mediated diseases, including hormone responsive breast cancer. The Company s lead product candidate is the investigational drug abaloparatide, a bone anabolic for potential use in the reduction of fracture risk in postmenopausal women with severe osteoporosis. The Company is developing two formulations of abaloparatide: abaloparatide-SC, an injectable subcutaneous formulation of abaloparatide, and abaloparatide-TD, a line extension of abaloparatide-SC in the form of a convenient, short-wear-time transdermal patch.

The Company s current clinical product portfolio also includes the investigational drug RAD1901, a selective estrogen receptor down regulator/degrader, or SERD, and the investigational drug RAD140, a nonsteroidal selective androgen receptor modulator, or SARM. The Company is developing RAD1901 at higher doses for potential use in the treatment of metastatic breast cancer and other estrogen receptor mediated applications. The Company is currently enrolling a Phase 1, multicenter, open-label, two-part, dose-escalation study of RAD1901 in postmenopausal women with advanced estrogen receptor positive and HER2-negative breast cancer. Low-dose RAD1901 has shown potential to be effective for the treatment of vasomotor symptoms such as hot flashes in a successful Phase 2 proof of concept study. RAD140 resulted from an internal drug discovery program focused on the androgen receptor pathway which is highly expressed in many breast cancers. Due to its receptor and tissue selectivity, potent oral activity and long duration half-life, RAD140 could have clinical potential in the treatment of breast cancer or possibly other conditions where androgen modulation may offer potential therapeutic benefit.

The Company is subject to the risks associated with emerging companies with a limited operating history, including dependence on key individuals, a developing business model, the necessity of securing regulatory approval to market its investigational product candidates, market acceptance of the Company s investigational product candidates following receipt of regulatory approval, competition for its investigational product candidates following receipt of regulatory approval, and the continued ability to obtain adequate financing to fund the Company s future operations. The Company has incurred losses and expects to continue to incur additional losses for the foreseeable future. As of June 30, 2015, the Company had an accumulated deficit of $384.3 million, and total cash, cash equivalents and short-term marketable securities of $224.0 million. On July 28, 2015, the Company completed a public offering of 4,054,054 shares of its common stock at a public offering price per share of $74.00, for aggregate proceeds, net of underwriting discounts, commissions and offering costs, of approximately $281.5 million. Also, on July 28, 2015, the underwriters purchased an additional 608,108 shares by exercising an option to purchase additional shares that was granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the underwriters option, the Company received aggregate proceeds, net of underwriting discounts, commissions and estimated offering costs of approximately $323.8 million.

Based upon its cash, cash equivalents and marketable securities balance following the public offering of shares of its common stock in July 2015, the Company believes that, prior to the consideration of revenue from the potential future sales of any of its investigational products, it has sufficient capital to fund its development plans, U.S. commercial scale-up and

other operational activities into 2018. The Company expects to finance the future development costs of its clinical product portfolio with its existing cash and cash equivalents and marketable securities, or through strategic financing opportunities, future offerings of its equity, or the incurrence of debt. However, there is no guarantee that any of these strategic or financing opportunities will be executed or executed on favorable terms, and some could be dilutive to existing stockholders. If the Company fails to obtain additional future capital, it may be unable to complete its planned preclinical and clinical trials and obtain approval of certain investigational product candidates from the U.S. Food and Drug Administration or other foreign regulatory authorities.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation The accompanying unaudited condensed financial statements and the related disclosures of the Company have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial reporting and as required by Regulation S-X, Rule 10-01. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (including those which are normal and recurring) considered necessary for a fair presentation of the interim financial information have been included.

When preparing financial statements in conformity with GAAP, the Company must make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the financial statements. Actual results could differ from those estimates. Additionally, operating results for the six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for any other interim period or for the fiscal year ending December 31, 2015. Subsequent events have been evaluated up to the date of issuance of these financials. For further information, refer to the financial statements and footnotes

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included in the Company s audited financial statements for the year ended December 31, 2014 included in the Company s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on March 10, 2015.

Significant Accounting Policies The significant accounting policies identified in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 which require the Company to make estimates and assumptions include: research and development costs, stock-based compensation and fair value measures. There were no changes to significant accounting policies during the six months ended June 30, 2015.

Accounting Standards Updates In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-15, *Disclosures of Uncertainties about an Entity s Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 provides guidance in GAAP about management s responsibility to evaluate whether there is substantial doubt about an entity s ability to continue as a going concern and to provide related footnote disclosures. The amendments under ASU 2014-15 are effective for interim and annual fiscal periods beginning after December 15, 2016, with early adoption permitted. The Company does not expect the adoption of ASU 2014-15 to have a material impact on its results of operations, financial position or cash flows.

In January 2015, the FASB issued Accounting Standards Update No. 2015-01, *Income Statement Extraordinary and Unusual Items (Subtopics 225-20)*(ASU 2015-01). ASU 2015-01 eliminates the concept of extraordinary items from GAAP. The amendments under ASU 2015-01 are effective for interim and annual fiscal periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of ASU 2015-01 to have a material impact on its results of operations, financial position or cash flows.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30)*(ASU 2015-03). ASU 2015-03 requires that, instead of presentation as an asset, debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments under ASU 2015-03 are effective for interim and annual fiscal periods beginning after December 15, 2015, with early adoption permitted, and should be applied on a retrospective basis. The Company does not expect the adoption of ASU 2015-03 to have a material impact on its results of operations, financial position or cash flows.

In April 2015, the FASB issued Accounting Standards Update No. 2015-05, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40)*(ASU 2015-05). ASU 2015-05 updates guidance regarding accounting for cloud computing arrangements. The amendments under ASU 2015-05 are effective for interim and annual fiscal periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of ASU 2015-05 to have a material impact on its results of operations, financial position or cash flows.

3. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	June 30, 2015	December 31, 2014
Research costs - Nordic (1)	$ 3,893	$ 11,536
Research costs - other	4,475	3,336
Payroll and employee benefits	1,272	1,659
Professional fees	2,305	1,304
Accrued interest on notes payable	416	234
Other		198
Total accrued expenses and other current liabilities	$ 12,361	$ 18,267

(1) Includes amounts accrued ratably over the estimated per patient treatment period under the Nordic Bioscience Clinical Development VII A/S (Nordic) Work Statement NB-3. Amounts do not include pass-through costs which are expensed as incurred or upon delivery. See note 8 for additional information.

4. Loan and Security Agreement

On May 30, 2014, the Company entered into a Loan and Security Agreement (the Credit Facility), with Solar Capital Ltd. (Solar), as collateral agent and a lender, and Oxford Finance LLC (Oxford), as a lender (the Lenders), pursuant to which Solar and Oxford agreed to make available to the Company $30.0 million in the aggregate subject to certain conditions to funding. An initial term loan was made on May 30, 2014 in an aggregate principal amount equal to $21.0 million (the Initial Term Loan).

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In addition to the Initial Term Loan, the Company would have been able to request an additional term loan in an aggregate principal amount of $9.0 million (the Original Term B Loan) after the completion of its initial public offering if the net cash proceeds were at least $65.0 million, subject to certain customary conditions to funding. Given the net proceeds from the Company s initial public offering were less than $65.0 million, it was not able to request the Original Term B Loan. The Initial Term Loan bears interest per annum at 9.85% plus one-month LIBOR (customarily defined). All principal and accrued interest on the initial term loan is due on June 1, 2018.

On July 10, 2014, the Company entered into a first amendment to the Credit Facility (the First Amendment). The terms of the First Amendment, among other things, provide the Company with, subject to certain customary funding conditions, additional term loans in an aggregate principal amount of $4.0 million upon the closing of the First Amendment (the Modified Term B Loan). All other terms applicable to the Original Term B Loan remain applicable to the Modified Term B Loan and the Modified Term B Loan replaced the Original Term B Loan. The Company borrowed the full amount of the Modified Term B Loan on July 10, 2014.

The Company is required to make interest-only payments through December 1, 2015, and beginning on January 1, 2016, it is required to make payments of principal and accrued interest in equal monthly installments over a term of 30 months.

As security for its obligations under the Credit Facility, the Company granted a security interest in substantially all of its existing and after-acquired assets except for its intellectual property and certain other customary exclusions.

The future principal payments under the Credit Facility, as amended, are as follows, as of June 30, 2015 (in thousands):

Years ending December 31,	Principal Payments
2015	$
2016	10,000
2017	10,000
2018	5,000
Total	$ 25,000

On May 30, 2014, pursuant to the Credit Facility, the Company issued to Solar and Oxford warrants to purchase an aggregate of up to 10,258 shares of its series B-2 convertible preferred stock (Series B-2) at an exercise price equal to $61.42 per share. The warrants were initially classified as liabilities in the Company s balance sheet and were re-measured at their estimated fair value through completion of the Company s initial public offering. The changes in fair value were recorded as other (expense) income in the statement of operations. Upon the closing of the Company s initial public offering at a price of $8.00 per share and the automatic conversion of the Series B-2 into common stock, these warrants became exercisable for up to 78,760 shares of common stock. Subsequent to the initial public offering, the Company s warrant liability was reclassified to equity. On July 10, 2014, pursuant to the First Amendment and closing of the Modified Term B Loan, the Company issued to Solar and Oxford warrants, each to purchase up to 4,706 shares of common stock at a price per share equal to $12.75.

These warrants are immediately exercisable for cash or by net exercise and will expire five years from their issuance.

The initial fair value of the warrants issued in connection with the Initial Term Loan was $0.3 million and was recorded as a discount to the Initial Term Loan. The initial fair value of the warrants issued in connection with the First Amendment was $41 thousand and was recorded as a discount to the Modified Term B Loan. The Company also paid Solar and Oxford a facility fee of $0.3 million and reimbursed certain costs associated with the Credit Facility of approximately $0.1 million, both of which were also recorded as a discount to the Initial Term Loan. The discount is being amortized to interest expense over the 48 month period that the Initial Term Loan is expected to be outstanding using the effective interest method.

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5. Marketable Securities

Available-for-sale marketable securities and cash and cash equivalents consist of the following (in thousands):

	June 30, 2015			
	Amortized Cost Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash	$ 4,012	$	$	$ 4,012
Money market funds	40,358			40,358
Total	$ 44,370	$	$	$ 44,370
Marketable securities:				
Domestic corporate debt securities	$ 123,188	$ 5	$ (48)	$ 123,145
Domestic corporate commercial paper	56,445	53		56,498
Total	$ 179,633	$ 58	$ (48)	$ 179,643

	December 31, 2014			
	Amortized Cost Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash	$ 1,519	$	$	$ 1,519
Money market funds	23,994			23,994
Domestic corporate debt securities	3,005			3,005
Total	$ 28,518	$	$	$ 28,518
Marketable securities:				
Domestic corporate debt securities	$ 69,542	$	$ (33)	$ 69,509
Domestic corporate commercial paper	7,237	12		7,249
Total	$ 76,779	$ 12	$ (33)	$ 76,758

There were no debt securities that had been in an unrealized loss position for more than 12 months as of June 30, 2015 or December 31, 2014. There were 33 debt securities in an unrealized loss position for less than 12 months at June 30, 2015 and there were 34 debt securities that had been in an unrealized loss position for less than 12 months at December 31, 2014. The aggregate unrealized loss on these securities as of June 30, 2015 was less than $48 thousand and the fair value was $92.5 million. The Company considered the decline in market value for these securities to be primarily attributable to current economic conditions. As it was not more likely than not that the Company would be required to sell these securities before the recovery of their amortized cost basis, which may be maturity, the Company did not consider these investments to be other-than-temporarily impaired as of June 30, 2015.

As of June 30, 2015, marketable securities consisted of investments that mature within one year.

6. Fair Value Measurements

The Company determines the fair values of its financial instruments based upon the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Below are the three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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The following table summarizes the financial instruments measured at fair value on a recurring basis in the accompanying condensed balance sheets as of June 30, 2015 and December 31, 2014 (in thousands):

	As of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Cash	$ 4,012	$	$	$ 4,012
Money market funds (1)	40,358			40,358
Total	$ 44,370	$	$	$ 44,370
Marketable securities:				
Domestic corporate debt securities (2)	$	$ 123,145	$	$ 123,145
Domestic corporate commercial paper (2)		56,498		56,498
Total	$	$ 179,643	$	$ 179,643

	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Cash	$ 1,519	$	$	$ 1,519
Money market funds (1)	23,994			23,994
Domestic corporate debt securities (2)		3,005		3,005
Total	$ 25,513	$ 3,005	$	$ 28,518
Marketable securities:				
Domestic corporate debt securities (2)	$	$ 69,509	$	$ 69,509
Domestic corporate commercial paper (2)		7,249		7,249
Total	$	$ 76,758	$	$ 76,758

(1) Fair value is based upon quoted market prices.

(2) Fair value is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers.

The fair value of the Company s note payable is determined using current applicable rates for similar instruments as of the balance sheet date. The carrying value of the Company s note payable approximated its fair value as of June 30, 2015, as the Company s interest rate is near current market rates. The fair value of the Company s notes payable was determined using Level 3 inputs.

7. License Agreements

On September 27, 2005, the Company entered into a license agreement (the Ipsen Agreement), as amended, with SCRAS S.A.S, a French corporation on behalf of itself and its affiliates (collectively, Ipsen). Under the Ipsen Agreement, Ipsen granted to the Company an exclusive right and license under certain Ipsen compound technology and related patents to research, develop, manufacture and commercialize certain compounds and related products in all countries, except Japan (where the Company does not hold commercialization rights) and France (where the Company s commercialization rights are subject to certain co-marketing and co-promotion rights retained by Ipsen). With respect to France, if Ipsen exercises its co-marketing and co-promotion rights, then Ipsen may elect to receive a percentage of the aggregate revenue from the sale of products by both parties in France (subject to a mid-double digit percentage cap), and Ipsen shall bear a corresponding percentage of the costs and expenses incurred by both parties with respect to such marketing and promotion efforts in France. Ipsen shall also pay the Company a mid-single digit royalty on Ipsen s allocable portion of aggregate revenue from the sale of products by both parties in France. Abaloparatide is subject to the Ipsen Agreement. Ipsen also granted the Company an exclusive right and license under the Ipsen compound technology and related patents to make and have made compounds or product in Japan. Ipsen also granted the Company an exclusive right and license under certain Ipsen formulation technology and related patents solely for purposes of enabling the Company to develop, manufacture and commercialize compounds and products covered by the compound technology license in all countries, except Japan (where the Company does not hold commercialization rights) and France (where the Company s commercialization rights are subject to certain co-marketing and co-promotion rights retained by Ipsen).

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In consideration for these licenses, the Company made a nonrefundable, non-creditable payment of $0.25 million to Ipsen, which was expensed during 2005. The Ipsen Agreement provides for further payments in the range of 10.0 million to 36.0 million ($11.2 million to $40.2 million) to Ipsen upon the achievement of certain development and commercialization milestones specified in the Ipsen Agreement, and for the payment of fixed 5% royalties on net sales of any product by the Company or its sublicensees on a country-by-country basis until the later of the last to expire of the licensed patents or for a period of 10 years after the first commercial sale in such country of any product that includes the compound licensed from Ipsen or any analog thereof.

If the Company sublicenses the rights licensed from Ipsen, then the Company will also be required to pay Ipsen a percentage of certain payments received from such sublicensee (in lieu of milestone payments not achieved at the time of such sublicense). The applicable percentage is in the low double digit range. In addition, if the Company or its sublicensees commercialize a product that includes a compound discovered by it based on or derived from confidential Ipsen know-how, it will be obligated to pay to Ipsen a fixed low single digit royalty on net sales of such product on a country-by-country basis until the later of the last to expire of licensed patents that cover such product or for a period of 10 years after the first commercial sale of such product in such country.

In June 2006, the Company entered into a license agreement (the Eisai Agreement), with Eisai Co. Ltd., (Eisai). Under the Eisai Agreement, Eisai granted to the Company an exclusive right and license to research, develop, manufacture and commercialize RAD1901 and related products from Eisai in all countries, except Japan. In consideration for the rights to RAD1901, the Company paid Eisai an initial license fee of $0.5 million, which was expensed during 2006. The Eisai Agreement provides for further payments in the range of $1.0 million to $20.0 million (inclusive of the $0.5 million initial license fee), payable upon the achievement of certain clinical and regulatory milestones.

On March 9, 2015, the Company entered into an amendment to the Eisai Agreement (the Eisai Amendment) in which Eisai granted to the Company the exclusive right and license to research, develop, manufacture and commercialize RAD1901 in Japan. In consideration for the rights to RAD1901 in Japan, the Company paid Eisai an initial license fee of $0.4 million upon execution of the contract, which was recognized as research and development expense during the three months ended March 31, 2015.

Under the Eisai Agreement, as amended, should a product covered by the licensed technology be commercialized, the Company will be obligated to pay to Eisai royalties in a variable mid-single digit range based on net sales of the product on a country-by-country basis until the later of the last to expire of the licensed patents or the expiration of data protection clauses covering such product in such country. The royalty rate shall then be subject to reduction, and the royalty obligation will expire at such time as sales of lawful generic version of such product account for more than a specified minimum percentage of the total sales of all products that contain the licensed compound. The latest valid claim to expire, barring any extension thereof, is expected on August 18, 2026.

The Eisai Agreement, as amended, also grants the Company the right to grant sublicenses with prior written approval from Eisai. If the Company sublicenses the licensed technology to a third party, the Company will be obligated to pay Eisai, in addition to the milestones referenced above, a fixed low double digit percentage of certain fees received from such sublicensee and royalties in low single digit range based on net sales of the sublicensee. The license agreement expires on a country-by-country basis on the later of (1) the date the last remaining valid claim in the licensed patents expires, lapses or is invalidated in that country, the product is not covered by data protection clauses, and the sales of a lawful generic version of the product account for more than a specified percentage of the total sales of all pharmaceutical products containing the

licensed compound in that country; or (2) a period of 10 years after the first commercial sale of the licensed products in such country, unless it is sooner terminated.

8. Research Agreements

Abaloparatide-SC Phase 3 Clinical Trial On March 29, 2011, the Company and Nordic entered into a Clinical Trial Services Agreement (the Clinical Trial Services Agreement), a Work Statement NB-1, as amended on December 9, 2011, June 18, 2012, March 28, 2014, May 19, 2014 and July 22, 2014 (the Work Statement NB-1) and a Stock Issuance Agreement, as amended and restated on May 16, 2011, and as further amended on February 21, 2013, March 28, 2014, and May 19, 2014 (the Stock Issuance Agreement). Pursuant to the Work Statement NB-1, Nordic managed the Phase 3 clinical trial of abaloparatide-SC (the Phase 3 Clinical Trial).

Pursuant to the Work Statement NB-1, the Company was required to make certain per patient payments denominated in both euros and U.S. dollars for each patient enrolled in the Phase 3 Clinical Trial followed by monthly payments for the duration of the study and final payments in two equal euro-denominated installments and two equal U.S. dollar-denominated installments. In addition, the Company agreed to pay to Nordic an additional performance incentive (each a Performance Incentive Payment) of $500,000 for every 50 patients that, subsequent to March 28, 2014, completed all end-of-study procedures, up to a maximum aggregate amount of additional payments equal to $5.0 million. The Work Statement NB-1, provided for a total of up to approximately 41.2 million ($45.9 million) of euro-denominated payments and a total of up to approximately $3.2 million of U.S. dollar-denominated payments over the course of the Phase 3 Clinical Trial, plus Performance Incentive Payments.

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The Company recognized research and development expense for the amounts due to Nordic under the Work Statement NB-1 ratably over the estimated per patient treatment period beginning upon enrollment in the Phase 3 Clinical Trial, or a twenty-month period. The Company recognized research and development expense for the amounts due to Nordic under the fourth amendment to the Work Statement NB-1, which was recognized on a per patient basis when the end-of-study visit and all other required procedures were completed. The Company recorded no expense and $2.4 million of research and development expense during the three months ended June 30, 2015 and 2014, respectively, and no expense and $6.9 million during the six months ended June 30, 2015 and 2014, respectively, for per patient costs incurred for patients that had enrolled in the Phase 3 Clinical Study. As of June 30, 2015, all obligations due to Nordic under Work Statement NB-1 had been paid.

Abaloparatide-SC Phase 3 Clinical Extension Study On February 21, 2013, the Company entered into a Work Statement NB-3, as amended on March 4, 2014 and April 30, 2015 (the Work Statement NB-3). Pursuant to the Work Statement NB-3, Nordic will perform an extension study to evaluate six months of standard-of-care osteoporosis management following the completion of the Phase 3 Clinical Trial (the Extension Study), and, upon completion of this initial six months, an additional period of 18 months of standard-of-care osteoporosis management (the Second Extension).

In April 2015, the Company entered into an amendment to the Work Statement NB-3 (the NB-3 Amendment). The NB-3 Amendment was effective as of March 23, 2015 and provides that Nordic will perform additional services, including additional monitoring of patients enrolled in the Second Extension. Payments in cash to be made to Nordic under the NB-3 Amendment are denominated in euros and total up to approximately 4.1 million ($4.6 million).

Payments in cash to be made to Nordic under the Work Statement NB-3, as amended by the NB-3 Amendment, are denominated in both euros and U.S. dollars and total up to 11.6 million ($12.9 million) and $1.1 million, respectively. In addition, payments are due to Nordic in connection with the Work Statement NB-3 pursuant to the Stock Issuance Agreement, as discussed below.

The Company recognizes research and development expense for the amounts due to Nordic under the Extension Study and the Second Extension ratably over the estimated per patient treatment periods beginning upon enrollment, or over a nine-month and nineteen-month period, respectively. The Company recorded $1.2 million and $2.9 million of research and development expense during the three months ended June 30, 2015 and 2014, respectively, and $2.6 million and $5.4 million for the six months ended June 30, 2015 and 2014, respectively, for per patient costs incurred for patients that had enrolled in the Extension Study and the Second Extension.

As of June 30, 2015, the Company had a liability of $3.9 million reflected in accrued expenses and other current liabilities on the balance sheet resulting from services provided by Nordic, which are payable in cash.

Stock Issuance Agreement Pursuant to the Stock Issuance Agreement, Nordic agreed to purchase 6,443 shares of the Company s Series A-5 convertible preferred stock (Series A-5) and to receive quarterly

stock dividends, payable in shares of the Company s Series A-6 convertible preferred stock (Series A-6). In connection with the Work Statement NB-1, the Stock Issuance Agreement provided that Nordic was entitled to receive stock dividends, having an aggregate value of up to 36.8 million ($41.0 million) (the NB-1 Accruing Dividend). In connection with Work Statement NB-3, the Stock Issuance Agreement provided that, beginning with the quarter ended March 31, 2013, Nordic was entitled to receive stock dividends having an aggregate value of up to 7.5 million ($8.4 million) and $0.8 million (the NB-3 Accruing Dividend and together with the NB-1 Accruing Dividend, the Nordic Accruing Dividend). On March 28, 2014, the Company entered into the second amendment to the Stock Issuance Agreement (the Second Stock Issuance Agreement Amendment). The Second Stock Issuance Agreement Amendment required that the Company s Board of Directors declare, as soon as reasonably practical, a stock dividend of twenty-nine shares of its Series A-6 for each share of the Company s then-outstanding Series A-5, all of which were held by Nordic, for a total of 186,847 shares of Series A-6, in full satisfaction of all stock dividends payable in 2014 under the terms of the Stock Issuance Agreement in connection with Work Statement NB-1 and Work Statement NB-3. In March 2014, Nordic requested that all 186,847 shares of Series A-6 be issued. Accordingly, the Company s Board of Directors declared and issued a dividend to Nordic of all 186,847 shares on March 31, 2014. The Second Stock Issuance Agreement Amendment further provided that in the event an initial public offering of the Company s common stock occurred prior to May 31, 2014, any payments owed by the Company to Nordic in relation to Work Statement NB-1 and Work Statement NB-3, excluding Performance Incentive Payments, for all periods of time after 2014, would be changed from the right to receive stock to the right to receive a total cash payment from the Company of $4.3 million payable in ten equal monthly installments of $430,000 beginning on March 31, 2015. On May 19, 2014, the Company entered into the third amendment to the Stock Issuance Agreement, which amended the date prior to which an initial public offering must occur to June 30, 2014. The Second Stock Issuance Agreement Amendment also stipulated that all consideration to be paid to Nordic pursuant to the Stock Issuance Agreement at any time after the consummation of an initial public offering be payable in cash. As the Company completed an initial public offering on June 11, 2014, Nordic no longer has the right to receive stock from the Company and has been paid in cash for all periods after June 11, 2014.

Prior to the issuance of shares of stock to Nordic in satisfaction of the Nordic Accruing Dividend, the liability to issue shares of stock was being accounted for as a liability in the Company s balance sheet, based upon the fair value of the Series A-6. Changes in the fair value from the date of accrual to the date of issuance of the Series A-6 shares were recorded as a gain or loss in other (expense) income in the statement of operations.

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9. Stock-Based Compensation

A summary of stock option activity during the six months ended June 30, 2015 is as follows (in thousands, except for per share amounts):

	Shares	Weighted-Average Exercise Price (in dollars per share)	Weighted-Average Contractual Life (in years)	Aggregate Intrinsic Value
Options outstanding at December 31, 2014	3,220	$ 13.58		
Granted	655	43.09		
Exercised	(49)	7.37		
Cancelled	(26)	13.54		
Expired				
Options outstanding at June 30, 2015	3,800	$ 18.74	8.37	$ 186,048
Options exercisable at June 30, 2015	1,547	$ 9.70	7.09	$ 89,751
Options vested or expected to vest at June 30, 2015	3,690	$ 18.56	8.34	$ 181,355

The weighted-average grant-date fair value per share of options granted during the three and six months ended June 30, 2015 was $19.14 and $22.99, respectively. As of June 30, 2015, there was approximately $27.7 million of total unrecognized compensation expense related to unvested stock options, which is expected to be recognized over a weighted-average period of approximately 3 years.

10. Net Loss Per Share

Basic and diluted net loss per share is calculated as follows (in thousands, except share and per share numbers):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Numerator:				
Net loss	$ (22,965)	$ (12,609)	$ (40,022)	$ (27,097)
Accretion of Preferred Stock		(4,031)		(9,000)
Loss attributable to common stockholders - basic and diluted	$ (22,965)	$ (16,640)	$ (40,022)	$ (36,097)
Denominator:				
Weighted-average number of common shares used in loss per share - basic and diluted	37,895,651	7,500,148	37,089,642	3,962,559
Loss per share - basic and diluted	$ (0.61)	$ (2.22)	$ (1.08)	$ (9.11)

The following potentially dilutive securities, prior to the use of the treasury stock method, have been excluded from the computation of diluted weighted-average shares outstanding, as they would be anti-dilutive. For the three and six months ended June 30, 2015 and 2014, all of the Company s classes of preferred stock, options to purchase common stock and warrants outstanding were assumed to be anti-dilutive as earnings attributable to common stockholders was in a loss position.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Convertible preferred stock		7,043,931		7,779,266
Options to purchase common stock	3,747,303	2,621,820	3,562,712	2,373,083
Warrants	846,720	1,311,356	979,434	1,161,639

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11. Commitments and Contingencies

The Company may be exposed, individually or in the aggregate, to certain claims or assessments in the ordinary course of business. In the opinion of management, the outcome of these matters is not likely to have any material effect on the financial statements of the Company.

12. Stockholders Equity and Convertible Preferred Stock

Common Stock On June 11, 2014, the Company completed its initial public offering whereby the Company sold 6,500,000 shares of common stock at a price of $8.00 per share. In connection with the offering, all outstanding shares of its convertible preferred stock converted into 19,465,132 shares of common stock and 2,862,654 shares of common stock were issued in satisfaction of accumulated dividends accrued on the preferred stock.

On June 18, 2014 and June 25, 2014, the underwriters purchased an additional 512,744 shares in the aggregate by exercising a portion of the over-allotment option granted to them in connection with the initial public offering. As a result of the closing of the initial public offering and subsequent exercise of the over-allotment option, the Company received aggregate proceeds, net of underwriting discounts, commissions and offering costs, of approximately $50.4 million.

On October 7, 2014, the Company completed an additional public offering whereby it sold 2,750,000 shares of common stock at a price of $18.25 per share, for aggregate proceeds, net of underwriting discounts, commissions and offering costs, of approximately $46.9 million. On October 7, 2014, the underwriters purchased an additional 378,524 shares in the aggregate by exercising a portion of the over-allotment option granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the over-allotment option, the Company received aggregate proceeds, net of underwriting discounts, commissions and offering costs of approximately $53.4 million.

On January 28, 2015, the Company completed an additional public offering of 4,000,000 shares of its common stock at a price of $36.75 per share, for aggregate estimated proceeds, net of underwriting discounts, commissions and offering costs, of approximately $137.8 million. Also, on January 28, 2015, the underwriters purchased an additional 600,000 shares in the aggregate by exercising an option to purchase additional shares that was granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the underwriters option, the Company received aggregate proceeds, net of underwriting discounts, commissions and offering costs of approximately $158.4 million.

On July 28, 2015, the Company completed an additional public offering of 4,054,054 shares of its common stock at a price of $74.00 per share, for aggregate proceeds, net of underwriting discounts, commissions and offering costs, of approximately $281.5 million. Also, on July 28, 2015, the underwriters purchased an additional 608,108 shares by exercising an option to purchase additional shares that was granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the underwriters option, the Company received aggregate proceeds, net of underwriting discounts,

commissions and estimated offering costs of approximately $323.8 million.

Convertible Preferred Stock On February 14, 2014, the Company entered into a Series B-2 Convertible Preferred Stock and Warrant Purchase Agreement (the Series B-2 Purchase Agreement), pursuant to which the Company was able to raise up to approximately $40.2 million through the issuance of (1) up to 655,000 shares of its Series B-2 convertible preferred stock (Series B-2) and (2) warrants to acquire up to 718,201 shares of its common stock with an exercise price of $14.004 per share. In February and March 2014, the Company consummated closings under the Series B-2 Purchase Agreement, whereby, in exchange for aggregate gross proceeds to the Company of approximately $27.5 million, the Company issued an aggregate of 448,060 shares of Series B-2 and warrants to purchase up to a total of 491,293 shares of its common stock.

13. Subsequent Event

On August, 4, 2015, the Company paid all amounts owed under its Credit Facility. After consideration of relevant fees required under the Credit Facility, the total payment amounted to $26.5 million.

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

Cautionary Statement

This Quarterly Report on Form 10-Q, including the information incorporated by reference herein, contains, in addition to historical information, forward-looking statements. We may, in some cases, use words such as project, believe, anticipate, plan, expect, estimate, intend, continue, should, would, could, potentially, will, may or similar words a convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q may include, among other things, statements about:

- *the progress of, timing of and amount of expenses associated with our research, development and commercialization activities;*

- *the success of our clinical studies for our investigational product candidates;*

- *our ability to obtain U.S. and foreign regulatory approval for our product candidates and the ability of our product candidates to meet existing or future regulatory standards;*

- *our expectations regarding federal, state and foreign regulatory requirements;*

- *the therapeutic benefits and effectiveness of our product candidates;*

- *the safety profile and related adverse events of our product candidates;*

- *our ability to manufacture sufficient amounts of abaloparatide, RAD1901, and RAD140 for commercialization activities with target characteristics following regulatory approvals;*

- *our plans with respect to collaborations and licenses related to the development, manufacture or sale of our product candidates;*

- *our expectations as to future financial performance, expense levels and liquidity sources;*

- *our ability to compete with other companies that are or may be developing or selling products that are competitive with our product candidates;*

- *anticipated trends and challenges in our potential markets; and*

- *our ability to attract and motivate key personnel.*

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements. These important factors include our financial performance, our ability to attract and retain customers, our development activities and those factors we discuss in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 10, 2015 under the caption Risk Factors. You should read these factors and the other cautionary statements made in this Quarterly Report on Form 10-Q as being applicable to all related forward-looking statements wherever they appear in this Quarterly Report on Form 10-Q. These important factors are not exhaustive and other sections of this Quarterly Report on Form 10-Q may include additional factors which could adversely impact our business and financial performance.

You should read the following discussion of our financial condition and results of operations in conjunction with our financial statements and related notes set forth in this report. Unless the context otherwise requires, we, our, us and similar expressions used in this Management s Discussion and Analysis of Financial Condition and Results of Operations section refer to Radius Health, Inc., a Delaware corporation.

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Executive Overview

We are a science-driven biopharmaceutical company focused on developing new therapeutics for patients with osteoporosis as well as other serious endocrine-mediated diseases, including hormone responsive metastatic breast cancer. Our lead product candidate is the investigational drug abaloparatide, a bone anabolic for potential use in the reduction of fracture risk in postmenopausal women with severe osteoporosis. We are developing two formulations of abaloparatide: abaloparatide-SC, an injectable subcutaneous formulation of abaloparatide, and abaloparatide-TD, a line extension of abaloparatide-SC in the form of a convenient, short-wear-time, transdermal patch.

Our current clinical product portfolio also includes the investigational drug RAD1901, a selective estrogen receptor down regulator/degrader, or SERD, and the investigational drug RAD140, a nonsteroidal selective androgen receptor modulator, or SARM. We are developing RAD1901 at higher doses for potential use in the treatment of metastatic breast cancer and other estrogen receptor mediated applications. We are currently enrolling a Phase 1, multicenter, open-label, two-part, dose-escalation study of RAD1901 in postmenopausal women with advanced estrogen receptor positive and HER2-negative breast cancer. Low-dose RAD1901 has shown potential to be effective for the treatment of vasomotor symptoms such as hot flashes in a successful Phase 2 proof of concept study. RAD140 resulted from an internal drug discovery program focused on the androgen receptor pathway which is highly expressed in many breast cancers. Due to its receptor and tissue selectivity, potent oral activity and long duration half-life, RAD140 could have clinical potential in the treatment of breast cancer or possibly other conditions where androgen modulation may offer therapeutic benefit.

Abaloparatide

Abaloparatide is a novel synthetic peptide that interacts with the human parathyroid receptor 1, that we are developing as a bone anabolic treatment for potential use in the reduction of fracture risk in postmenopausal women with severe osteoporosis. We also believe that, subject to further research and development, abaloparatide may have potential applications across a variety of skeletal or bone related diseases or medical conditions. We are developing two formulations of abaloparatide:

- *Abaloparatide-SC* - In December 2014, we announced the 18-month top-line data from our Phase 3 ACTIVE clinical trial of abaloparatide-SC. The study was designed to evaluate whether abaloparatide-SC is superior to placebo for prevention of vertebral fracture. The study was also designed to evaluate whether abaloparatide-SC is superior to open-label teriparatide for greater bone mineral density, or BMD, improvement at major skeletal sites, including the spine, femoral neck, total hip and wrist, and for a lower occurrence of hypercalcemia, a condition in which the calcium level in a patient s blood is above normal. The top-line results of the 18-month ACTIVE clinical trial showed that abaloparatide-SC met the primary endpoint with a statistically significant 86% reduction in new vertebral fractures versus placebo, and teriparatide met the same endpoint with a statistically significant 80% reduction. On the secondary endpoints, as compared to placebo, abaloparatide achieved a statistically significant fracture-rate reduction of 43% in the non-vertebral fracture subset of patients; a statistically significant reduction of 45% in the clinical fracture group; and a significant difference in the time to first incident of non-vertebral fracture in both the non-vertebral fracture and

the clinical fracture subset of patients in this trial.

In June 2015, we announced new data from our ACTIVE trial, as well as the top-line data from the first six months of ACTIVExtend, the 24-month extension trial of the Phase 3 ACTIVE trial in which patients from the abaloparatide-SC and placebo groups of the ACTIVE trial received an approved alendronate therapy for osteoporosis management. The results from the first six months of the ACTIVExtend study showed that the group previously treated with abaloparatide had no new vertebral fractures during the first six months of receiving alendronate. From the start of the ACTIVE study, this group showed a statistically significant 87% reduction in new vertebral fractures, a 52% reduction in non-vertebral fractures, a 48% reduction in clinical fractures, and a 58% reduction in major osteoporotic fractures over the 25-month period, as compared to placebo. This group also achieved a 12.8% increase in BMD at the lumbar spine, a 5.5% increase in BMD at total hip, and a 4.5% increase in BMD at the femoral neck. In addition, 20.4% of patients achieved a 6% increase or greater in BMD at all three sites.

A recent exploratory analysis of the ACTIVE trial showed that, for major osteoporotic fractures, there was a statistically significant 67% reduction in major osteoporotic fractures for the abaloparatide treatment group versus placebo, and a statistically significant 53% reduction in major osteoporotic fractures for the abaloparatide treatment group as compared to teriparatide over the 18-month period.

We plan to submit a new drug application, or NDA, in the United States, and a marketing authorization application in Europe, by the end of 2015. Subject to a regulatory review and favorable regulatory outcome, we anticipate our first commercial sales of abaloparatide-SC will take place in 2016. We believe that, subject to further research and

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development, abaloparatide may have potential applications across a variety of skeletal or bone related diseases or medical conditions. We hold worldwide commercialization rights to abaloparatide-SC, other than in Japan.

On July 21, 2015, we reported that the U.S. Food and Drug Administration, or FDA, denied our request for breakthrough therapy designation for abaloparatide-SC.

- *Abaloparatide-TD*- During 2014, we reported progress towards the development of an optimized, short-wear-time transdermal patch that may be capable of demonstrating comparability to abaloparatide-SC injection. In preliminary, nonhuman primate pharmacokinetic studies, we achieved a desirable pharmacokinetic profile, with comparable AUC, Cmax, Tmax and T1/2 relative to abaloparatide-SC. We believe that these results support continued clinical development of abaloparatide-TD toward future global regulatory submissions as a potential post-approval line extension of the investigational drug abaloparatide-SC. We expect to commence the clinical evaluation of the optimized abaloparatide-TD patch in the second half of 2015, with the goal of achieving comparability to abaloparatide-SC. We hold worldwide commercialization rights to abaloparatide-TD technology.

RAD1901

RAD1901 is a novel potent SERD that is being evaluated for potential use in the treatment of metastatic breast cancer and other estrogen receptor mediated oncology applications. RAD1901 has been shown to bind with good selectivity to the estrogen receptor and to have both estrogen-like and estrogen-antagonistic effects in different tissues. We hold worldwide commercialization rights to RAD1901.

In June 2014, we commenced a Phase 1 maximum tolerated dose, or MTD, study of RAD1901 in healthy volunteers. The study is designed to evaluate the tolerability, safety and pharmacokinetics of RAD1901, and also to use 18F-estradiol positron emission tomography, or FES-PET, imaging to provide a pharmacodynamic assessment of estrogen receptor turnover following administration of RAD1901. In total, 52 subjects were treated with doses between 200 mg and 1000 mg for up to 7 days. Preliminary data suggested that all doses were generally well tolerated. A subset of subjects received baseline and FES-PET after 7 days to evaluate ER signal attenuation, and we expect to report the final results of this study in the third quarter of 2015.

In December 2014, we commenced a Phase 1, multicenter, open-label, two-part, dose-escalation study of RAD1901 in postmenopausal women with advanced estrogen receptor positive and HER2-negative breast cancer in the United States to determine the recommended dose for a Phase 2 clinical trial and to make a preliminary evaluation of the potential anti-tumor effect of RAD1901. We continue to enroll and dose patients in this study and expect to report further progress in the second half of 2015. We also expect to commence Phase 1 clinical development in the European Union of RAD1901 in metastatic breast cancer patients in 2015.

On July 15, 2015, we announced that early but promising preclinical data show that our investigational drug RAD1901, in combination with Pfizer s palbociclib, a CDK4/6 inhibitor, or Novartis everolimus, an mTOR inhibitor, was effective in shrinking tumors. In patient-derived xenograft (PDx) breast cancer models with either wild type or mutant ESR1, treatment with RAD1901 resulted in marked tumor growth inhibition, and the combination of RAD1901 with either agent, palbociclib or everolimus, showed anti-tumor activity that was significantly greater than either agent alone.

We are also developing RAD1901 at lower doses as a selective estrogen-receptor modulator, or SERM. At lower doses, RAD1901 has shown potential to be effective for the treatment of postmenopausal vasomotor symptoms such as hot flashes in a successful Phase 2 proof of concept study. We intend to commence a Phase 2b clinical study of RAD1901 for the potential treatment of postmenopausal vasomotor symptoms in the second half of 2015.

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Financial Overview

Research and Development Expenses

Research and development expenses consist primarily of clinical testing costs made to contract research organizations, or CROs, salaries and related personnel costs, fees paid to consultants and outside service providers for regulatory and quality assurance support, licensing of drug compounds and other expenses relating to the manufacture, development, testing and enhancement of our product candidates. We expense our research and development costs as they are incurred.

None of the research and development expenses in relation to our product candidates are currently borne by third parties. Our lead product candidate is the investigational drug abaloparatide, and it represents the largest portion of our research and development expenses for our product candidates. We began tracking program expenses for abaloparatide-SC in 2005, and program expenses from inception to June 30, 2015 were approximately $186.4 million. We began tracking program expenses for abaloparatide-TD in 2007, and program expenses from inception to June 30, 2015 were approximately $31.8 million. We began tracking program expenses for RAD1901 in 2006, and program expenses from inception to June 30, 2015 were approximately $21.2 million. We began tracking program expenses for RAD140 in 2008, and program expenses from inception to June 30, 2015 were approximately $5.2 million. These expenses relate primarily to external costs associated with manufacturing, preclinical studies and clinical trial costs.

Costs related to facilities, depreciation, stock-based compensation and research and development support services are not directly charged to programs as they benefit multiple research programs that share resources.

The following table sets forth our research and development expenses that are directly attributable to the programs listed below for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Abaloparatide-SC	$ 5,342	$ 8,540	$ 10,476	$ 16,647
Abaloparatide-TD	222	284	702	469
RAD1901	2,641	375	3,441	375
RAD140				

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses for executive, finance and other administrative personnel, professional fees, business insurance, rent, general legal activities, including the cost of maintaining our intellectual property portfolio, and other corporate expenses.

Our results also include stock-based compensation expense as a result of the issuance of stock option grants to employees, directors and consultants. The stock-based compensation expense is included in the respective categories of expense in the statement of operations (research and development and general and administrative expenses). We expect to record additional non-cash stock-based compensation expense in the future, which may be significant.

Interest Income and Interest Expense

Interest income reflects interest earned on our cash, cash equivalents and marketable securities.

Interest expense for the three and six months ended June 30, 2015 reflects interest due under our loan and security agreement, entered into on May 30, 2014 and amended on July 10, 2014, February 13, 2015 and April 8, 2015, or the New Credit Facility, with Solar Capital Ltd., or Solar, as agent and lender, and Oxford Finance LLC, or Oxford, as lender. Under the New Credit Facility, we drew $21.0 million under an initial term loan on May 30, 2014 and $4.0 million under a second term loan on July 10, 2014. Interest expense for the three and six months ended June 30, 2014 reflects interest due under the New Credit Facility and our loan and security agreement, entered into on May 23, 2011 with General Electric Capital Corporation, or GECC, as agent and lender, and Oxford, as a lender, or the Original Credit Facility. Under the Original Credit Facility, we drew $12.5 million under an initial and second term loan during the year ended December 31, 2011 and an additional $12.5 million under a third term loan during the year ended December 31, 2012. On May 30, 2014, we used approximately $9.3 million of the New Credit Facility to repay all the amounts owed under the Original Credit Facility.

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On August, 4, 2015, we paid all amounts owed under its Credit Facility. After consideration of relevant fees required under the Credit Facility, the total payment amounted to $26.5 million.

Other (Expense) Income

For the three and six months ended June 30, 2014, other (expense) income reflects changes in the fair value of our warrant liability and the series A-6 convertible preferred stock liability and stock asset from the date of the initial accrual to the reporting date.

Critical Accounting Policies and Estimates

Management s discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, as well as related disclosures. We evaluate our policies and estimates on an ongoing basis, including those related to accrued clinical expenses, research and development expenses, stock-based compensation and fair value measures, which we discussed in our Annual Report on Form 10-K for the year ended December 31, 2014. Management bases its estimates on historical experience and other various assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We have reviewed our policies and estimates to determine our critical accounting policies for the three and six months ended June 30, 2015. We have made no material changes to the critical accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2014.

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Results of Operations

Three Months Ended June 30, 2015 and June 30, 2014 (in thousands, except percentages)

	Three Months Ended June 30,		Change	
	2015	2014	$	%
Operating expenses:				
Research and development	$ 16,278	$ 10,618	$ 5,660	53%
General and administrative	6,000	3,070	2,930	95%
Loss from operations	(22,278)	(13,688)	8,590	63%
Other (expense) income:				
Other (expense) income, net	(78)	1,727	1,805	105%
Loss on retirement of note payable		(203)	(203)	(100)%
Interest (expense) income, net	(609)	(445)	164	37%
Net Loss	$ (22,965)	$ (12,609)	$ 10,356	82%

Research and development expenses For the three months ended June 30, 2015, research and development expense was $16.3 million compared to $10.6 million for the three months ended June 30, 2014, an increase of $5.7 million, or 53%. This increase is primarily a result of an increase in compensation expense, including non-cash stock-based compensation expense, due to an increase in our research and development headcount and an increase in stock-based compensation expense for non-employees due to the significant increase in our stock price. This increase was also driven by higher consulting costs incurred to support our planned NDA submission for our investigational product candidate abaloparatide-SC during the three months ended June 30, 2015, and an increase in contract service costs associated with the development of our investigational product candidate RAD1901 as a result of the initiation of various preclinical and manufacturing activities in late 2014. These amounts were partially offset by a decrease in the total professional contract service costs associated with the development of abaloparatide-SC resulting from the completion of the Phase 3 18-month fracture study in October 2014. We expect that costs associated with the development of abaloparatide-SC will continue to decrease over the course of the ACTIVExtend clinical trial as patients complete treatment.

We expect that the costs associated with the development of abaloparatide-TD will increase as we begin to advance an optimized abaloparatide-TD product in additional clinical studies. We expect that the costs associated with the development of RAD1901 will increase as we begin to advance RAD1901 through various preclinical and clinical studies, including a Phase 1 study in metastatic breast cancer, which commenced in late 2014, and a Phase 2b study in postmenopausal vasomotor symptoms, which is expected to commence in the second half of 2015.

General and administrative expenses For the three months ended June 30, 2015, general and administrative expense was $6.0 million compared to $3.1 million for the three months ended June 30, 2014, an

increase of $2.9 million, or 95%. This increase was primarily the result of an increase of approximately $1.7 million in professional support costs and legal fees during the three months ended June 30, 2015, including the costs associated with growing our headcount and preparing for potential commercialization of abaloparatide-SC, subject to a favorable regulatory review. This increase can also be attributed to higher compensation costs, including non-cash stock-based compensation expense, due to an overall increase in employee headcount.

Other (expense) income, net For the three months ended June 30, 2015, there was other expense, net of other income, of $78 thousand as compared to other income, net of other expense, during the three months ended June 30, 2014 of $1.7 million. The $1.7 million of other income, net of expense, as of June 30, 2014 was primarily due to a decrease in the fair value of our stock liability and other liability as a result of a decreasein the fair value of the underlying convertible preferred stock from March 31, 2014 to June 30, 2014.

Loss on retirement of note payable For the three months ended June 30, 2015, there was no loss on retirement of note payable recorded, as compared to a loss of $0.2 million for the three months ended June 30, 2014. This loss was a result of the prepayment of our Original Credit Facility on May 30, 2014.

Interest (expense) income, net For the three months ended June 30, 2015, interest expense, net of interest income, was $0.6 million compared to $0.4 million for the three months ended June 30, 2014, an increase of $0.2 million, or 37%. This increase was primarily a result of higher average debt outstanding during the three months ended June 30, 2015 as compared to the three months ended June 30, 2014.

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Six Months Ended June 30, 2015 and June 30, 2014 (in thousands, except percentages)

	Six Months Ended June 30,		Change	
	2015	**2014**	**$**	**%**
Operating expenses:				
Research and development	$ 27,837	$ 20,335	$ 7,502	37%
General and administrative	10,756	5,209	5,547	106%
Loss from operations	(38,593)	(25,544)	13,049	51%
Other (expense) income:				
Other (expense) income, net	(128)	(506)	(378)	(75)%
Loss on retirement of note payable		(203)	(203)	(100)%
Interest (expense) income, net	(1,301)	(844)	457	54%
Net Loss	$ (40,022)	$ (27,097)	$ 12,925	48%

Research and development expenses For the six months ended June 30, 2015, research and development expense was $27.8 million compared to $20.3 million for the six months ended June 30, 2014, an increase of $7.5 million, or 37%. This increase is primarily a result of an increase in compensation expense, including non-cash stock-based compensation expense, due to an increase in our research and development headcount and an increase in stock-based compensation expense for non-employee due to the significant increase in our stock price. This increase was also driven by higher consulting costs incurred to support our planned NDA submission for our investigational product candidate abaloparatide-SC during the six months ended June 30, 2015, and an increase in contract service costs associated with the development of our investigational product candidate RAD1901 as a result of the initiation of various preclinical and manufacturing activities in late 2014. These amounts were partially offset by a decrease in the total professional contract service costs associated with the development of abaloparatide-SC resulting from the completion of the Phase 3 18-month fracture study in October 2014. We expect that costs associated with the development of abaloparatide-SC will continue to decrease over the course of the ACTIVExtend clinical trial as patients complete treatment.

We expect that the costs associated with the development of abaloparatide-TD will increase as we begin to advance an optimized abaloparatide-TD product in additional clinical studies. We expect that the costs associated with the development of RAD1901 will increase as we begin to advance RAD1901 through various preclinical and clinical studies, including a Phase 1 study in metastatic breast cancer, which commenced in late 2014, and a Phase 2b study in vasomotor symptoms, which is expected to commence in the second half of 2015.

General and administrative expenses For the six months ended June 30, 2015, general and administrative expense was $10.8 million compared to $5.2 million for the six months ended June 30, 2014, an increase of $5.5 million, or 106%. This increase was primarily the result of an increase of approximately $3.3 million in professional support costs and legal fees during the six months ended June 30, 2015, including the costs associated with growing our headcount and preparing for potential

commercialization of abaloparatide-SC, subject to a favorable regulatory review. This increase can also be attributed to higher compensation costs, including non-cash stock-based compensation expense, due to an overall increase in employee headcount.

Other (expense) income, net For the six months ended June 30, 2015, there was other expense, net of other income, of $0.1 million as compared to other expense, net of other income during the six months ended June 30, 2014 of $0.5 million. The $0.5 million of other expense, net of income, as of June 30, 2014 was primarily due to an increase in the fair value of our stock liability and other liability as a result of an increase in the fair value of the underlying convertible preferred stock from December 31, 2013 to June 30, 2014.

Loss on retirement of note payable For the six months ended June 30, 2015, there was no loss on retirement of note payable recorded, as compared to a loss of $0.2 million for the six months ended June 30, 2014. This loss was a result of the prepayment of our Original Credit Facility on May 30, 2014.

Interest (expense) income, net For the six months ended June 30, 2015, interest expense, net of interest income, was $1.3 million compared to $0.8 million for the six months ended June 30, 2014, an increase of $0.5 million, or 54%. This increase was primarily a result of higher average debt outstanding during the six months ended June 30, 2015 as compared to the six months ended June 30, 2014.

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Liquidity and Capital Resources

From inception to June 30, 2015, we have incurred an accumulated deficit of $384.3 million, primarily as a result of expenses incurred through a combination of research and development activities related to our various product candidates and expenses supporting those activities. Our total cash, cash equivalents and marketable securities balance as of June 30, 2015 was $224.0 million. We have financed our operations since inception primarily through the public offerings of our common stock, private sales of preferred stock, borrowings under our credit facilities and the receipt of $5.0 million in fees associated with an option agreement.

Based upon our cash, cash equivalents and marketable securities balance following the public offering of shares of our common stock in July 2015, we believe that, prior to the consideration of revenue from the potential future sales of any of our investigational products, we have sufficient capital to fund our development plans, U.S. commercial scale-up and other operational activities into 2018. We expect to finance the future development costs of abaloparatide-SC, abaloparatide-TD, RAD1901, and RAD140 with our existing cash and cash equivalents and marketable securities, or through strategic financing opportunities that could include, but are not limited to, partnering or other collaboration agreements, or the completion of additional public offerings of securities. However, there is no guarantee that any of these financing opportunities will be available to us on favorable terms, and some could be dilutive to existing stockholders. Our future capital requirements will depend on many factors, including the scope and progress made in our research and development and commercialization activities, the results of our clinical trials, and the review and potential approval of our products by the U.S. Food and Drug Administration, or FDA, and the European Medicines Agency, or EMA. If we fail to obtain additional future capital, we may be unable to complete our planned preclinical and clinical trials and obtain approval of any investigational product candidates from the FDA and other foreign regulatory authorities.

The following table sets forth the major sources and uses of cash for each of the periods set forth below (in thousands):

	Six Months Ended June 30,		Change	
	2015	2014	$	%
Net cash (used in) provided by:				
Operating activities	$ (39,199)	$ (19,271)	$ 19,928	103%
Investing activities	(103,722)	(30,678)	73,044	238%
Financing activities	158,773	86,017	72,756	85%
Net increase in cash and cash equivalents	$ 15,852	$ 36,068		

Cash Flows from Operating Activities

Net cash used in operating activities during the six months ended June 30, 2015 was $39.2 million, which was primarily the result of a net loss of $40.0 million and net changes in working capital of $5.9 million, partially offset by $6.8 million of net non-cash adjustments to reconcile net loss to net cash used in operations. The $40.0 million net loss was primarily due to abaloparatide-SC program development expenses along with employee compensation and consulting costs incurred to support future regulatory submissions and preparation for the potential commercial launch of abaloparatide-SC. The $6.8 million net non-cash adjustments to reconcile net loss to net cash used in operations included stock-based compensation expense of $5.9 million and amortization of premiums (discounts) on marketable securities of $0.7 million.

Net cash used in operating activities for the six months ended June 30, 2014 was $19.3 million, which was primarily the result of a net loss of $27.1 million, partially offset by $5.3 million of net non-cash adjustments to reconcile net loss to net cash used in operations and net changes in working capital of $2.6 million. The $27.1 million net loss was primarily due to expenses incurred in connection with our Phase 3 clinical trial of abaloparatide-SC. The $5.3 million net non-cash adjustments to reconcile net loss to net cash used in operations included a $0.5 million increase in the fair value of our warrant liability and stock liability as a result of an increase in the fair value of the underlying convertible preferred stock and common stock from December 31, 2013 to June 30, 2014, $2.7 million of research and development expenses settled in stock and stock-based compensation expense of $1.8 million.

Cash Flows from Investing Activities

Net cash used in investing activities during the six months ended June 30, 2015 was $103.7 million, which was primarily the result of $179.3 million of purchases of marketable securities, partially offset by $75.8 million of net proceeds received from the sale or maturity of marketable securities.

Net cash used in investing activities during the six months ended June 30, 2014 was $30.7 million, which was primarily the result of $30.6 million of purchases of marketable securities.

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Our investing cash flows will be impacted by the timing of purchases and sales of marketable securities. All of our marketable securities have contractual maturities of less than one year. Due to the short-term nature of our marketable securities, we would not expect our operational results or cash flows to be significantly affected by a change in market interest rates.

Cash Flows from Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2015 was $158.8 million, as compared to $86.0 million net cash provided by financing activities during the six months ended June 30, 2014. Net cash provided by financing activities during the six months ended June 30, 2015 consisted of $158.4 million of net proceeds received from an additional public offering in January of 2015.

Net cash provided by financing activities during the six months ended June 30, 2014 consisted of $51.3 million of net proceeds from our initial public offering, $27.4 million of net proceeds from the issuance of our series B-2 convertible preferred stock in February and March of 2014, and $20.6 million of net proceeds from our New Credit Facility, partially offset by payments under our Original Credit Facility of $13.2 million.

Financings

On January 28, 2015, we completed a public offering of 4,000,000 shares of our common stock at a price of $36.75 per share, for aggregate estimated proceeds, net of underwriting discounts, commissions and offering costs, of approximately $137.8 million. On January 28, 2015, the underwriters purchased an additional 600,000 shares in the aggregate by exercising an option to purchase additional shares that was granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the underwriters option, we received aggregate proceeds, net of underwriting discounts, commissions and offering costs of approximately $158.4 million.

On July 28, 2015, we completed a public offering of 4,054,054 shares of our common stock at a price of $74.00 per share, for aggregate proceeds, net of underwriting discounts, commissions and offering costs, of approximately $281.5 million. Also, on July 28, 2015, the underwriters purchased an additional 608,108 shares by exercising an option to purchase additional shares that was granted to them in connection with the offering. As a result of the public offering and subsequent exercise of the underwriters option, we received aggregate proceeds, net of underwriting discounts, commissions and estimated offering costs of approximately $323.8 million.

Future Financing Needs

We expect to finance the future development costs of our investigational product candidates abaloparatide-SC, abaloparatide-TD, RAD1901 and RAD140 with the proceeds from our July 2015 public offering of our common stock and

our existing cash and cash equivalents and marketable securities as of June 30, 2015, or through strategic financing opportunities, future offerings of our equity, or the incurrence of debt. We anticipate that we will make determinations as to which additional programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical data of each product candidate, progress on securing third-party collaborators, as well as ongoing assessments of each product candidate s commercial potential and our ability to fund product development.

The successful development of our investigational product candidates is subject to numerous risks and uncertainties associated with developing drugs, which could have a significant impact on the cost and timing associated with the development of our product candidates.

Abaloparatide-SC is our only product candidate in late stage development, and our business currently depends heavily on its successful development, regulatory approval and commercialization. We have not submitted an NDA to the FDA or comparable applications to foreign regulatory authorities. Obtaining approval of a product candidate is an extensive, lengthy, expensive and uncertain process, and any approval of abaloparatide-SC may be delayed, limited or denied for many reasons. See Risk Factors Risks Related to the Discovery, Development and Commercialization of Our Product Candidates *We are heavily dependent on the success of abaloparatide-SC which is under clinical development. We cannot be certain that abaloparatide-SC will receive regulatory approval or be successfully commercialized even if we receive regulatory approval.*

Research and Development Agreements

Abaloparatide-SC Phase 3 Clinical Trial We have entered into agreements with Nordic Bioscience Clinical Development VII A/S, or Nordic, to conduct our Phase 3 clinical trial of abaloparatide-SC, or the Phase 3 Clinical Trial. On March 29, 2011, we entered into a Clinical Trial Services Agreement, or the Clinical Trial Services Agreement. On the same date, we also entered into Work Statement NB-1, as amended on December 9, 2011, June 18, 2012, March 28, 2014, May 19, 2014 and July 22, 2014, or Work Statement NB-1, and the Stock Issuance Agreement, as amended and restated on May 16, 2011, and as further amended on February 21, 2013, March 28, 2014, and May 19, 2014, or the Stock Issuance Agreement.

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Pursuant to the Work Statement NB-1, we were required to make certain per patient payments denominated in both euros and U.S. dollars for each patient enrolled in the Phase 3 Clinical Trial followed by monthly payments for the duration of the study and final payments in two equal euro-denominated installments and two equal U.S. dollar-denominated installments. In addition, Nordic was entitled to a performance incentive payment, or Performance Incentive Payment, of $500,000 for every 50 patients that, subsequent to March 28, 2014, completed all end-of-study procedures, up to a maximum aggregate amount of $5.0 million. The Work Statement NB-1, provided for a total of up to approximately 41.2 million ($45.9 million) of euro-denominated payments and a total of up to approximately $3.2 million of U.S. dollar-denominated payments over the course of the Phase 3 Clinical Trial, plus Performance Incentive Payments.

We recognized research and development expense for the amounts due to Nordic under the Work Statement NB-1 ratably over the estimated per patient treatment period beginning upon enrollment in the Phase 3 Clinical Trial, or a twenty-month period, except for research and development expense for the amounts due under the fourth amendment to the Work Statement NB-1, which we recognized on a per patient basis when the end-of-study visit and all other required procedures were completed. We recorded no expense and $2.4 million of research and development expense during the three months ended June 30, 2015 and 2014, and no expense and $6.9 million during the six months ended June 30, 2015 and 2014, for per patient costs incurred for patients that had enrolled in the Phase 3 Clinical Study. As of June 30, 2015, all obligations due to Nordic under Work Statement NB-1 had been paid.

Abaloparatide-SC Phase 3 Clinical Extension Study On February 21, 2013, we entered into the Work Statement NB-3, as amended on March 4, 2014 and April 30, 2015, or the Work Statement NB-3. Pursuant to the Work Statement NB-3, Nordic is performing an extension study to evaluate six months of standard-of-care osteoporosis management following the completion of the Phase 3 clinical trial of abaloparatide-SC, or the Extension Study, and, upon completion of this initial six months, an additional period of 18 months of standard-of-care osteoporosis management, or the Second Extension.

In April 2015, we entered into an amendment to the Work Statement NB-3, or the NB-3 Amendment. The NB-3 Amendment was effective as of March 23, 2015 and provides that Nordic will perform additional services, including monitoring of patients enrolled in the Second Extension. Payments in cash to be made to Nordic under the NB-3 Amendment are denominated in euros and total up to approximately 4.1 million ($4.6 million).

Payments in cash to be made to Nordic under the Work Statement NB-3, as amended by the NB-3 Amendment, are denominated in both euros and U.S. dollars and total up to 11.6 million ($12.9 million) and $1.1 million, respectively. In addition, payments are due to Nordic in connection with the Work Statement NB-3 pursuant to the Stock Issuance Agreement, as discussed below.

We recognize research and development expense for the amounts due to Nordic under the Extension Study and the Second Extension ratably over the estimated per patient treatment periods beginning upon enrollment or over a nine-month and nineteen-month period, respectively. We recorded $1.2 million and $2.9 million of research and development expense during the three months ended June 30, 2015 and 2014, respectively, and $2.6 million and $5.4 million for the six months ended June 30, 2015 and 2014, respectively, for per patient costs incurred for patients that had enrolled in the Extension Study and the Second Extension.

As of June 30, 2015, we had a liability of $3.9 million reflected in accrued expenses and other current liabilities on the balance sheet resulting from services provided by Nordic, which are payable in cash.

Stock Issuance Agreement Pursuant to the Stock Issuance Agreement, Nordic agreed to purchase 6,443 shares of our Series A-5 convertible preferred stock, or the Series A-5, and to receive quarterly stock dividends, payable in shares of our Series A-6 convertible preferred stock, or the Series A-6. In connection with the Work Statement NB-1, the Stock Issuance Agreement provided that Nordic was entitled to receive stock dividends, having an aggregate value of up to 36.8 million ($41.0 million), or the NB-1 Accruing Dividend. In connection with Work Statement NB-3, the Stock Issuance Agreement provided that, beginning with the quarter ended March 31, 2013, Nordic was entitled to receive stock dividends having an aggregate value of up to 7.5 million ($8.4 million) and $0.8 million, or the NB-3 Accruing Dividend, and together with the NB-1 Accruing Dividend, the Nordic Accruing Dividend. On March 28, 2014, we entered into the second amendment to the Stock Issuance Agreement, or the Second Stock Issuance Agreement Amendment. The Second Stock Issuance Agreement Amendment required that our board of directors declare, as soon as reasonably practical, a stock dividend of twenty-nine shares of its Series A-6 for each share of our then-outstanding Series A-5, all of which were held by Nordic, for a total of 186,847 shares of Series A-6, in full satisfaction of all stock dividends payable in 2014 under the terms of the Stock Issuance Agreement in connection with Work Statement NB-1 and Work Statement NB-3. In March 2014, Nordic requested that all 186,847 shares of Series A-6 be issued. Accordingly, our board of directors declared and issued a dividend to Nordic of all 186,847 shares on March 31, 2014. The Second Stock Issuance Agreement Amendment further provided that in the event an initial public offering of our common stock occurred prior to May 31, 2014, any payments owed by us to Nordic in relation to Work Statement NB-1 and Work Statement NB-3, excluding Performance Incentive Payments, for all periods of time after 2014, would be changed from the right to receive stock to the right to receive a total cash payment from us of $4.3 million payable in ten equal monthly installments of $430,000 beginning on March 31, 2015. On May 19, 2014, we entered into the third amendment to the Stock Issuance Agreement, which amended the date prior to which an initial public offering must occur to June 30, 2014. The Second Stock Issuance Agreement Amendment also stipulated that all consideration to be paid to Nordic pursuant to the Stock Issuance Agreement

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at any time after the consummation of an initial public offering be payable in cash. As we completed an initial public offering on June 11, 2014, Nordic no longer has the right to receive stock from us and has been paid in cash for all periods after June 11, 2014.

Prior to the issuance of shares of stock to Nordic in satisfaction of the Nordic Accruing Dividend, the liability to issue shares of stock was being accounted for as a liability on our balance sheet, based upon the fair value of the Series A-6. Changes in the fair value from the date of accrual to the date of issuance of the Series A-6 shares were recorded as a gain or loss in other (expense) income in the statement of operations.

License Agreement Obligations

Abaloparatide

In September 2005, we exclusively licensed the worldwide rights (except Japan) to abaloparatide and analogs from an affiliate of Ipsen Pharma SAS, or Ipsen.

In consideration for the rights to abaloparatide and in recognition of certain milestones having been met to date, we have paid to Ipsen an aggregate amount of $1.0 million. The license agreement further requires us to make payments upon the achievement of certain future clinical and regulatory milestones. The range of milestone payments that could be paid under the agreement is 10.0 million to 36.0 million ($11.2 million to $40.2 million). Should abaloparatide be approved and subsequently become commercialized, we or our sublicensees will be obligated to pay to Ipsen a fixed five percent royalty based on net sales of the product on a country-by-country basis until the later of the last to expire of the licensed patents or for a period of 10 years after the first commercial sale in such country. The date of the last to expire of the abaloparatide patents licensed from or co-owned with Ipsen, barring any extension thereof, is expected to be March 26, 2028. In the event that we sublicense abaloparatide to a third party, we are obligated to pay a percentage of certain payments received from such sublicensee (in lieu of milestone payments not achieved at the time of such sublicense). The applicable percentage is in the low double digit range. In addition, if we or our sublicensees commercialize a product that includes a compound discovered by us based on or derived from confidential Ipsen know-how, we will be obligated to pay to Ipsen a fixed low single digit royalty on net sales of such product on a country-by-country basis until the later of the last to expire of licensed patents that cover such product or for a period of 10 years after the first commercial sale of such product in such country. The license agreement contains other customary clauses and terms as are common in similar agreements in the industry.

Prior to executing the license agreement for abaloparatide with us, Ipsen licensed the Japanese rights for abaloparatide to Teijin Limited, or Teijin, a Japanese pharmaceutical company. We believe that Teijin has fully enrolled a Phase 2 clinical study of abaloparatide in Japan for the treatment of postmenopausal osteoporosis that is expected to report results later this year.

RAD1901

We exclusively licensed the worldwide rights to RAD1901 from Eisai Co. Ltd., or Eisai. Our license with Eisai did not originally include rights for Japan, however, on March 9, 2015, we entered into an amendment to the Eisai Agreement in which Eisai granted us an exclusive right and license to research, develop, manufacture and commercialize RAD1901 in Japan. In consideration for the rights to RAD1901 in Japan, we paid Eisai an initial license fee of $0.4 million upon execution of the amendment, which was expensed during the three months ended March 31, 2015.

In consideration for the rights to RAD1901 and in recognition of certain milestones having been met to date, we have paid to Eisai an aggregate amount of $1.9 million. The range of milestone payments that could be paid under the agreement is $1.0 million to $20.0 million. The license agreement further requires us to make payments upon the achievement of certain future clinical and regulatory milestones. Should RAD1901 be approved and subsequently become commercialized, we will be obligated to pay to Eisai a royalty in a variable mid-single digit range based on net sales of the product on a country-by-country basis for a period that expires on the later of (1) the date the last remaining valid claim in the licensed patents expires, lapses or is invalidated in that country, the product is not covered by data protection clauses, and the sales of lawful generic version of the product account for more than a specified percentage of the total sales of all pharmaceutical products containing the licensed compound in that country; or (2) a period of 10 years after the first commercial sale of the licensed products in such country, unless it is sooner terminated. The latest valid claim is expected to expire, barring any extension thereof, on August 18, 2026. The royalty rate shall then be subject to reduction and the royalty obligation will expire at such time as sales of lawful generic version of such product account for more than a specified minimum percentage of the total sales of all products that contain the licensed compound. We were also granted the right to grant sublicenses with prior written approval from Eisai. If we sublicense RAD1901 to a third party, we will be obligated to pay Eisai, in addition to the milestones referenced above, a fixed low double digit percentage of certain fees we receive from such sublicensee and royalties in a variable mid-single digit range based on net sales of the sublicensee. The license agreement contains other customary clauses and terms as are common in similar agreements in the industry.

Net Operating Loss Carryforwards

As of December 31, 2014, we had federal and state net operating loss carryforwards of approximately $319.7 million and $246.5 million, respectively. If not utilized, the net operating loss carryforwards will expire at various dates through 2034.

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Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, substantial changes in our ownership may limit the amount of net operating loss carryforwards that could be used annually in the future to offset taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of our company of more than 50% within a three-year period. Any such annual limitation may significantly reduce the utilization of the net operating loss carryforwards before they expire. The private placements and other transactions that have occurred since our inception may have triggered an ownership change pursuant to Section 382, which could limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset taxable income, if any. Any such limitation, whether as the result of prior private placements, sales of common stock by our existing stockholders or additional sales of common stock by us, could have a material adverse effect on our results of operations in future years. We have not completed a study to assess whether an ownership change has occurred, or whether there have been multiple ownership changes since our inception. In each period since our inception, we have recorded a valuation allowance for the full amount of our deferred tax asset, as the realization of the deferred tax asset is uncertain. As a result, we have not recorded any federal or state income tax benefit in our statement of operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or any relationships with unconsolidated entities of financial partnerships, such as entities often referred to as structured finance or special purpose entities.

New Accounting Standards

Refer to note 2, *Basis of Presentation and Significant Accounting Policies Accounting Standards Updates* and *Basis of Presentation and Significant Accounting Policies Recently Adopted Accounting Standards,* in Notes to Condensed Financial Statements, for a discussion of new accounting standards.

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Item 3. Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk related to changes in the dollar/euro exchange rate because a portion of our development costs are denominated in foreign currencies. We do not hedge our foreign currency exchange rate risk. However, an immediate 10 percent adverse change in the dollar/euro exchange rate would not have a material effect on financial results.

We are exposed to market risk related to changes in interest rates. As of June 30, 2015, we had cash, cash equivalents, and marketable securities of $224.0 million, consisting of cash, money market funds, domestic corporate debt securities and domestic corporate commercial paper. This exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in marketable securities. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our portfolio. We generally have the ability to hold our investments until maturity, and therefore we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investments. We carry our investments based on publicly available information. As of June 30, 2015, we do not have any hard to value investment securities or securities for which a market is not readily available or active.

On May 30, 2014, we entered into a Loan and Security Agreement, which was amended on July 10, 2014, February 13, 2015 and April 8, 2015, or the Credit Facility, with Solar Capital Ltd., or Solar, as collateral agent and a lender, and Oxford Finance LLC, or Oxford, as a lender, pursuant to which Solar and Oxford agreed to make available to us $30.0 million in the aggregate subject to certain conditions to funding. An initial term loan was made on May 30, 2014 in an aggregate principal amount equal to $21.0 million, or the Initial Term Loan. A second term loan was made on July 10, 2014 in an aggregate principal amount equal to $4.0 million, or the Second Term Loan. The Initial Term Loan and Second Term Loan bear interest per annum at 9.85% plus one-month LIBOR (customarily defined) and mature on June 1, 2018. Changes in interest rates can cause interest charges to fluctuate under our Credit Facility. As of June 30, 2015, principal payable under the Credit Facility was $25.0 million. A 10% increase in current interest rates would have resulted in less than $0.1 million in additional cash interest expense for the three months ended June 30, 2015.

We are not subject to significant credit risk as this risk does not have the potential to materially impact the value of assets and liabilities.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2015.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during the three months ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Set forth below and elsewhere in this Quarterly Report on Form 10-Q and in other documents we file with the SEC are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Quarterly Report on Form 10-Q. Because of the following important factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Our Business

Risks Related to Our Financial Position and Need for Capital

We are not currently profitable and may never become profitable.

We had net losses of $40.0 million for the six months ended June 30, 2015 and $62.5 million and $60.7 million for the years ended December 31, 2014 and 2013, respectively. As of June 30, 2015, we had an accumulated deficit of $384.3 million. Until we succeed in developing and commercializing one or more of our product candidates, we expect to incur substantial losses and may never achieve or maintain profitability. We also expect to continue to incur significant operating and capital expenditures and anticipate that our expenses will increase substantially as we:

- continue to undertake preclinical development and clinical trials for product candidates;
- seek regulatory approvals for product candidates;
- implement additional internal systems and infrastructure; and

- hire additional personnel.

We also expect to experience negative cash flow as we fund our operating losses and capital expenditures. As a result, we will need to generate significant revenues in order to achieve and maintain profitability. Accordingly, unless and until we generate revenues and become profitable, we will need to raise additional capital to continue to operate our business. Our failure to achieve or maintain profitability or to raise additional capital could negatively impact the value of our securities.

We currently have no product revenues and we will need to raise additional capital, which may not be available on favorable terms, if at all, in order to continue operating our business.

To date, we have generated no product revenues. Until, and unless, we receive approval from the U.S. Food and Drug Administration, or FDA, and other foreign regulatory authorities for our product candidates, we will not be permitted to sell our drugs and will not have product revenues. Currently, our only product candidates are abaloparatide-SC, abaloparatide-TD, RAD1901 and RAD140, and none of these product candidates is approved by the FDA or other foreign regulatory authorities for sale. Therefore, for the foreseeable future, we will have to fund our operations and capital expenditures with our existing cash and cash equivalents and marketable securities, or through strategic financing opportunities, future offerings of our equity, and/or the incurrence of debt.

Based upon our cash, cash equivalents and marketable securities balance following the public offering of shares of our common stock in July 2015, we believe that, prior to the consideration of revenue from the potential future sales of any of our investigational products, we have sufficient capital to fund our development plans, U.S. commercial scale-up and other operational activities into 2018. We have based this estimate on assumptions that may prove to be wrong, and we could use up our available capital resources sooner than we currently expect. If we fail to obtain additional capital, we may be unable to complete our planned preclinical and clinical trials and obtain approval of any product candidates from the FDA and other foreign regulatory authorities. In addition, we could be forced to discontinue product development, reduce or forego sales and marketing efforts for any product candidate that is approved, forego attractive business opportunities or discontinue our operations entirely. Any additional sources of financing may not be available or may not be available on favorable terms and will likely involve the issuance of additional equity securities, which will have a dilutive effect on stockholders. Our future capital requirements will depend on many factors, including the scope and progress made in our research and development activities and our clinical studies.

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Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of collaborations, strategic alliances, licensing arrangements, other marketing and distribution arrangements, equity offerings, and debt financings. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or we may need to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We are a company with a limited operating history upon which to base an investment decision.

We are a company with a limited operating history and have not demonstrated an ability to perform the functions necessary for the successful commercialization of any product candidates. The successful commercialization of any product candidates will require us to perform a variety of functions, including:

- continuing to undertake preclinical development and clinical trials;
- participating in regulatory approval processes;
- formulating and manufacturing products; and
- conducting sales and marketing activities for products if approved.

Our operations have been limited to organizing and staffing our company, acquiring, developing and securing our proprietary technology and undertaking preclinical and clinical trials of our product candidates. These operations provide a limited basis for you to assess our ability to commercialize our product candidates and the advisability of investing further in our securities.

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Our financial results may fluctuate from quarter to quarter, which makes our results difficult to predict and could cause our results to fall short of expectations.

Our financial results may fluctuate as a result of a number of factors, many of which are outside of our control. For these reasons, comparing our financial results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our revenues, if any, may fluctuate from quarter to quarter and our future quarterly and annual expenses as a percentage of our revenues may be significantly different from those we have recorded in the past or which we expect for the future. Our financial results in some quarters may fall below expectations. Any of these events as well as the various risk factors listed in this Risk Factors section could adversely affect our financial results and cause our stock price to fall.

Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. While we monitor daily the cash balances in the operating accounts and adjust the balances as appropriate, these balances could be impacted, and there could be a material adverse effect on our business, if one or more of the financial institutions with which we deposit fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurance that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

Our investments in marketable securities are subject to market, interest and credit risk that may reduce their value.

The value of our investments in marketable securities may be adversely affected by changes in interest rates, downgrades in the creditworthiness of any bonds we hold, turmoil in the credit markets and financial services industry and by other factors which may result in other than temporary declines in the value of our investments. Decreases in the market value of our marketable securities could have an adverse impact on our statements of financial position, results of operations and cash flow.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

We are heavily dependent on the success of our investigational product candidate abaloparatide-SC, which is under clinical development. We cannot be certain that abaloparatide-SC will receive regulatory approval or be successfully commercialized even if we receive regulatory approval.

Abaloparatide-SC is our only product candidate in late-stage clinical development, and our business currently depends heavily on its successful development, regulatory approval and commercialization. We have no drug products for sale currently and may never be able to develop approved and marketable drug products. The research, testing, manufacturing, labeling, approval, sale, marketing and distribution of drug products are subject to extensive regulation by the FDA and other foreign regulatory authorities in the United States and other countries, which regulations differ from country to country. We are not permitted to market abaloparatide-SC in the United States unless and until we receive approval of a new drug application, or NDA, from the FDA, or in any foreign countries unless and until we receive the requisite approval from regulatory authorities in foreign countries. In addition, the approval of abaloparatide-TD as a line extension to abaloparatide-SC is dependent on the earlier approval of abaloparatide-SC. We have not submitted an NDA to the FDA or comparable applications to regulatory authorities in other countries. Obtaining approval of a product candidate is an extensive, lengthy, expensive and uncertain process, and any approval of abaloparatide-SC may be delayed, limited or denied for many reasons, including:

- we may not be able to demonstrate that abaloparatide is safe and effective as a treatment for reduction of fracture risk in postmenopausal women with severe osteoporosis to the satisfaction of the FDA or other foreign regulatory authorities;

- the results of our clinical studies may not meet the level of statistical or clinical significance required for marketing approval;

- the FDA or other foreign regulatory authorities may disagree with the number, design, size, conduct or implementation of our clinical studies;

- any clinical research organizations, or CROs, that we have retained or may in the future retain, to conduct clinical studies may take actions outside of our control that materially adversely impact our clinical studies;

- the FDA or other foreign regulatory authorities may not find the data from preclinical studies and clinical studies sufficient to demonstrate that abaloparatide s clinical and other benefits outweigh its safety risks;

- the FDA or other foreign regulatory authorities may disagree with our interpretation of data from our preclinical studies and clinical studies or may require that we conduct additional studies;

- the FDA or other foreign regulatory authorities may not accept data generated at our clinical study sites;

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- the FDA or other foreign regulatory authorities may not agree with our proposed labeling and may require labeling that undermines or otherwise significantly impairs the commercial value of the product if it were to be approved with such labeling;

- the FDA may require development of a Risk Evaluation and Mitigation Strategy, or REMS, as a condition of approval;

- if our NDA is reviewed by an advisory committee, the FDA may have difficulties scheduling an advisory committee meeting in a timely manner or the advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional preclinical studies or clinical studies, limitations on approved labeling or distribution and use restrictions; or

- the FDA or other foreign regulatory authorities may identify deficiencies in the manufacturing processes or facilities of our third-party manufacturers.

In addition, the FDA or other foreign regulatory authorities may change its approval policies or adopt new regulations. For example, on February 15, 2012, we received a letter from the FDA stating that, after internal consideration, the FDA believes that a minimum of 24-month fracture data are necessary for approval of new products for the treatment of postmenopausal osteoporosis. Our abaloparatide-SC pivotal Phase 3 clinical trial is designed to produce fracture data based on an 18-month primary endpoint. Based on our discussions with the FDA, we believe that continued use of the 18-month primary endpoint will be acceptable, provided that our NDA includes the 24-month fracture data derived from the first six months extension of the abaloparatide 80 μg and placebo groups in our Phase 3 study, which groups will receive an approved alendronate (generic Fosamax) therapy for osteoporosis management. We plan to submit our NDA with the 24-month fracture data. We cannot be certain that the FDA will be supportive of this plan, will not change this approval policy again or will not adopt other approval policies or regulations that adversely affect any NDA that we may submit, the occurrence of any of which may further delay FDA approval.

The NDA that we plan to submit to the FDA for abaloparatide-SC as a proposed treatment for osteoporosis will need to include the 24-month fracture data from the first six months of the alendronate extension study of the abaloparatide and placebo groups from our Phase 3 clinical trial. We also must complete several additional studies, including, but not limited to, a thorough QT Phase 1 study and a Phase 1 pharmacokinetic study in renal patients. The results of these studies will have an important bearing on the approval of abaloparatide.

We cannot assure you that we will receive the approvals necessary to commercialize any of our product candidates, including abaloparatide-SC, abaloparatide-TD, RAD1901 and RAD140, or any product candidate we may acquire or develop in the future. We will need FDA approval to commercialize our product candidates in the United States and approvals from the regulatory authorities in foreign jurisdictions to commercialize our product candidates in those jurisdictions. In order to obtain FDA approval of any product candidate, we must submit to the FDA an NDA demonstrating that the product candidate is safe for humans and effective for its indicated use. This demonstration requires significant research and animal tests, which are referred to as preclinical studies, as well as human tests, which are referred to as clinical trials. Satisfaction of the FDA s regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product candidate and requires substantial resources for research, development and testing. We cannot predict whether our research and clinical approaches will result in drugs that the FDA considers safe for humans and effective for proposed uses.

In 2007, we entered into a global pharmacovigilance agreement with Teijin Limited, or Teijin, a Japanese pharmaceutical company, that provides for the exchange of information related to serious and non-serious adverse reactions to abaloparatide by patients enrolled in clinical studies. The purpose of the agreement is to enable safety reporting to global health agencies. We believe Teijin has fully enrolled a Phase 2 clinical study of abaloparatide-SC in Japan for the treatment of postmenopausal osteoporosis that is expected to report results later this year. Should Teijin advise us in accordance with our agreement of a serious adverse event experienced by patients enrolled in their study, we would need to report the serious adverse event to the FDA and EMA, which could adversely affect or delay our ability to obtain regulatory approvals in the United States and Europe.

In addition, the FDA has substantial discretion in the drug approval process and may require us to conduct additional preclinical and clinical testing or to perform post-marketing studies. The approval process may also be delayed by changes in government regulation, future legislation or administrative action or changes in FDA policy that occur prior to or during its regulatory review, such as the request we received from the FDA with respect to providing a minimum of 24-month fracture data for approval of abaloparatide. Delays in obtaining regulatory approvals may:

- delay commercialization of, and our ability to derive product revenues from, our product candidates;
- impose costly procedures on us; and
- diminish any competitive advantages that we may otherwise enjoy.

The abaloparatide-SC finished product is a drug/device combination product candidate with both a drug and device component and with the primary mode of action being provided by the investigational drug abaloparatide. Based on our discussions to date with the

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FDA, we believe that abaloparatide-SC will be regulated as a combination product by the FDA, and both drug and device components will be required for review as part of our NDA submission. We expect that our NDA would be submitted to the Center for Drug Evaluation and Research and be reviewed with support from the FDA Office of Combination Products and the FDA Center for Devices and Radiological Health for the device aspects of the abaloparatide-SC product candidate. In addition, there are device-related manufacturing and other regulatory requirements (e.g., cGMPs and adverse event reporting) to which we may be subject by virtue of the product s status as a drug/device combination product. As a result of these factors, we may experience delays in the product development and regulatory review and approval process in seeking a drug/device combination product approval under an NDA.

Even if we comply with all FDA requests, the FDA may ultimately reject one or more of our NDAs. We may never obtain regulatory clearance for any of our product candidates. Failure to obtain FDA approval of any of our product candidates will severely undermine our business by leaving us without a saleable product, and therefore without any source of revenues, until another product candidate can be developed. There is no guarantee that we will ever be able to develop or acquire any product candidate.

In foreign jurisdictions, we must receive approval from the appropriate regulatory authorities before we can commercialize any drugs. Foreign regulatory approval processes generally include all of the risks associated with the FDA approval procedures described above. We cannot assure you that we will receive the approvals necessary to commercialize any of our product candidates for sale outside the United States.

Clinical trials are very expensive, time-consuming and difficult to design and implement.

Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. A substantial portion of our abaloparatide development costs are denominated in euros and any adverse movement in the dollar/euro exchange rate will result in increased costs and require us to raise additional capital to complete the development of our products. The clinical trial process is also time consuming. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including:

- changes in government regulation, administrative action or changes in FDA or other foreign regulatory authority policy with respect to clinical trials that change the requirements for approval;
- unforeseen safety issues;
- determination of dosing issues;
- lack of effectiveness during clinical trials;
- slower than expected rates of patient recruitment and enrollment;
- failure of sites to comply with requirements for conducting clinical trials;

- inability to monitor patients adequately during or after treatment; and
- inability or unwillingness of medical investigators to follow our clinical protocols.

In addition, we, the FDA, or other equivalent regulatory authorities and ethics committees with jurisdiction over our studies may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the FDA or other foreign regulatory authorities find deficiencies in our regulatory submissions or the conduct of these trials. Therefore, we cannot predict with any certainty the schedule for existing or future clinical trials. Any such unexpected expenses or delays in our clinical trials could increase our need for additional capital, which may not be available on favorable terms or at all.

Most of our investigational product candidates are in early stages of clinical trials.

Except for abaloparatide-SC and abaloparatide-TD, each of our other product candidates (i.e., RAD1901 and RAD140) is in the early stages of development and requires extensive preclinical and clinical testing. We cannot predict with any certainty if or when we might submit an NDA or equivalent application to foreign regulatory authorities for regulatory approval for any of our product candidates or whether any such NDA or equivalent application would be accepted for filing by FDA or other foreign regulatory authorities or approved if filed.

The results of clinical trials may not support our product candidate claims.

Even if our clinical trials are completed as planned, we cannot be certain that the results will support regulatory approval of our product candidates. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the results of later clinical trials will replicate the results of prior clinical trials and preclinical testing. The clinical trial process may fail to demonstrate that our product candidates are safe for humans and effective for proposed uses. This failure would cause us to abandon a product candidate and may delay development of other product candidates. Any delay in, or

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termination of, our clinical trials will delay the submission of our NDAs to the FDA or equivalent application to foreign regulatory authorities and, ultimately, our ability to commercialize our product candidates and generate product revenues. In addition, our clinical trials to date (other than the ACTIVE Phase 3 Clinical Trial for abaloparatide-SC) have involved small patient populations. Because of the small sample sizes, the results of these clinical trials may not be indicative of future results.

In addition, third parties could conduct clinical trials using the product candidates we license. We would have no control over how these trials are conducted and the results could potentially contradict the results we have obtained, or will obtain from the clinical trials we conduct.

If serious adverse or undesirable side effects are identified during the development of our product candidates, we may need to abandon our development of some of our product candidates.

All of our product candidates are still in preclinical or clinical development. Undesirable side effects caused by our product candidates could cause us, regulatory authorities, and/or ethics committees to interrupt, delay or halt clinical trials and could result in a more restrictive label or cause the delay or denial of regulatory approval by the FDA or other comparable foreign authorities. It is impossible to predict when or if any of our product candidates will prove effective or safe in humans or will receive regulatory approval, if ever. If our product candidates result in undesirable side effects or have characteristics that are unexpected, we may need to abandon their development. Drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

Additionally if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

Any product candidate for which we obtain marketing approval could be subject to restrictions or withdrawal from the market and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and other foreign regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, current good manufacturing practices, or cGMP, requirements relating to quality control, quality assurance and corresponding maintenance of records and documents, and requirements regarding the distribution of samples to physicians and recordkeeping. Even if we obtain marketing approval of a product candidate, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety and/or efficacy of the product. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers communications regarding off-label use and, if we market our products for other than their approved indications, we may be subject to enforcement action for off-label marketing.

In addition, later discovery of previously unknown problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;

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- voluntary or mandatory recall of products and related publicity requirements;
- fines, restitution or disgorgement of profits or revenue;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

In addition, the FDA s policies may change and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

The commercial success of any product candidates that we may develop and that may be approved will depend upon the degree of market acceptance by regulators, key opinion leaders, physicians, patients, healthcare payers and others in the medical community.

Even if the FDA or other foreign regulatory authority approves one or more of our product candidates, physicians and patients may not accept and use them. Acceptance and use of any of our products will depend upon a number of factors including:

- perceptions by members of the healthcare community, including physicians and key opinion leaders, about the safety and effectiveness of our drug;
- cost-effectiveness of our product relative to competing products;
- availability of coverage and reimbursement for our product from government or other healthcare payers; and
- effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any.

If any of our product candidates are commercialized and unexpected adverse events are reported in connection with the use of any of those products, physician and patient acceptance of the product could deteriorate and the commercial success of such product could be adversely affected. We are required to report to the FDA or similar bodies in other countries events associated with our products relating to death or serious injury. Adverse events could result in additional regulatory controls, such as for the imposition of costly post-approval clinical studies or revisions to approved labeling which could limit the indications or patient population for a product or could even lead to the withdrawal of a product from the market. Because we expect sales of our current product candidates, if approved, to generate substantially all of our product revenues for the foreseeable future, the failure of these drugs to gain market acceptance or, once gained, a decrease in market acceptance would harm our business and would require us to seek additional financing.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we narrowly focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

If we experience delays in the enrollment of patients in our clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for some of our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or other foreign regulatory authorities. In addition, many of our competitors have ongoing clinical trials for product candidates that could be competitive with our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors product candidates.

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Enrollment delays in our clinical trials may result in increased development costs for our product candidates, which would cause the value of the company to decline and limit our ability to obtain additional financing. Our inability to enroll a sufficient number of patients for any of our current or future clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether.

Risks Related to Our Dependence on Third Parties

Our drug development program depends upon third-party researchers, investigators and collaborators who are outside our control.

We depend upon independent researchers, investigators and collaborators, to conduct our preclinical and clinical trials under agreements with us. These third parties are not our employees and we cannot control the amount or timing of resources that they devote to our programs. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and requirements, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and our third party researchers, investigators and collaborators are required to comply with good clinical practice, or GCP, requirements, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, or EEA, and comparable foreign regulatory authorities for all of our products in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA or other comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. In addition, these third parties may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. If outside collaborators fail to devote sufficient time and resources to our drug-development programs, or if their performance is substandard, the approval of our FDA or foreign regulatory authority applications, if any, and our introduction of new drugs, if any, will be delayed. These collaborators may also have relationships with other commercial entities, some of whom may compete with us. If our collaborators assist competitors at our expense, our competitive position would be harmed.

If a regulatory or governmental authority determines that a financial interest in the outcome of the Phase 3 study of abaloparatide-SC by any of the entities managing our Phase 3 clinical trial affected the reliability of the data from the Phase 3 clinical trial, our ability to use the data for our planned regulatory submissions could be compromised, which could harm our business and the value of our common stock.

The Phase 3 clinical trial and subsequent extension studies of abaloparatide-SC are being managed by Nordic at certain clinical sites operated by the Center for Clinical and Basic Research, or CCBR, a leading global CRO with extensive experience in global osteoporosis registration studies. Nordic controls, and holds an ownership interest in, the local CCBR clinical sites. The clinical trial investigators are employees of CCBR and may also hold an equity interest in the local CCBR clinical trials.

In consideration of Nordic s management of our Phase 3 clinical trial and subsequent extension studies, we agreed to make various cash payments to Nordic denominated in both euros and U.S. dollars over the course of the Phase 3 study equal to a total of up to approximately 52.7 million ($58.8 million) and a total of up to approximately $4.4 million plus up to an additional $5.0 million in aggregate performance incentive payments, payable in cash or stock depending on the timing of the closing of an underwritten offering of shares of our common stock. We also agreed to sell shares of capital stock to Nordic that were exchanged in May 2011 for 6,443 shares of our series A-5 convertible preferred stock for proceeds of approximately $0.5 million. These shares of our series A-5 convertible preferred stock automatically converted into 28,258 shares of our common stock upon the listing of our common stock on the NASDAQ Global Market. Pursuant to the terms of our agreements with Nordic, we were required to issue to Nordic shares of stock with an aggregate value of up to approximately 44.3 million ($49.4 million) and $0.8 million in consideration of Nordic s management of the Phase 3 clinical trial. These shares of stock accrued at a quarterly rate based on the progress of the Phase 3 clinical trial and were issuable at a price per share equal to the greater of (1) the fair market value of our common stock as of the applicable accrual date or (2) $81.42 and rounding down the resulting quotient to the nearest whole number. On each of December 31, 2013 and March 31, 2014, our Board of Directors declared a stock dividend to pay all shares of stock that had accrued as of such dates and that were anticipated to accrue through December 31, 2014, representing an aggregate of 682,958 shares of our Series A-6 convertible preferred stock that automatically converted into 2,995,453 shares of our common stock upon the listing of our common stock on the NASDAQ Global Market. Following the completion of our initial public offering of shares of our common stock on June 11, 2014, or our initial public offering, all compensation remaining payable to Nordic in consideration of their management of our Phase 3 ACTIVE and ACTIVExtend clinical trials became payable in cash.

The fair market value of our common stock may be subject to wide fluctuations in response to various factors, many of which are beyond our control. Accordingly, the shares of stock that we have issued to Nordic in consideration of Nordic s management of the Phase 3 ACTIVE and ACTIVExtend clinical trials may be less than the full value originally anticipated under our agreements with Nordic, assuming Nordic did not expect the fair market value of our stock to fluctuate widely over the term of such agreements. As a

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result, the total consideration that Nordic received in stock and will receive in cash may be viewed to be below the market price paid by other companies for comparable clinical trial services.

Because of the potential decrease in the value of the common stock issued to Nordic if there was a negative outcome of the Phase 3 study, Nordic, CCBR and the clinical trial investigators may be viewed as having a financial interest in the outcome of the study. We have obtained written acknowledgments from the clinical trial investigators certifying that they have no financial interest in the outcome of the Phase 3 clinical trial. However, if the FDA, the EMA, or any other similar regulatory or governmental authority determines that Nordic, CCBR or the clinical trial investigators have a financial interest that affected the reliability of the data from the Phase 3 clinical trial, we could be subject to additional regulatory scrutiny and the utility of the Phase 3 clinical trial for purposes of our planned regulatory submissions could be compromised, which could have a material adverse effect on our business and the value of our common stock.

We will rely exclusively on third parties to formulate and manufacture our product candidates.

We have no experience in drug formulation or manufacturing and do not intend to establish our own manufacturing facilities. We lack the resources and expertise to formulate or manufacture our own product candidates. We have entered into agreements with contract manufacturers to manufacture abaloparatide for use in clinical trial activities. These contract manufacturers are currently our only source for the production and formulation of abaloparatide. We may not have sufficient clinical supplies of abaloparatide but believe that our contract manufacturers will be able to produce sufficient supply of abaloparatide to complete all of the planned abaloparatide clinical studies. If our contract manufacturers are unable to produce, in a timely manner, adequate clinical supplies to meet the needs of our clinical studies, we would be required to seek new contract manufacturers that may require us to modify our finished product formulation and modify or terminate our clinical studies for abaloparatide. Any modification of our finished product or modification or termination of our clinical studies could adversely affect our ability to obtain necessary regulatory approvals and significantly delay or prevent the commercial launch of the product if it were to be approved, which would materially harm our business and impair our ability to raise capital. In addition, the facilities and processes and controls used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA and our marketing authorization application, or MAA, to EMA. We do not control the facilities or manufacturing process and controls of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements, known as cGMPs, for manufacture of both active drug substances and finished drug products. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or other regulatory authorities, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these for the manufacture of our product candidates or if they withdraw any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

We depend on a number of single source contract manufacturers to supply key components of abaloparatide. For example, we depend on Lonza Group Ltd., or Lonza, which produces supplies of bulk drug product of abaloparatide to support the abaloparatide-SC and abaloparatide-TD clinical studies and any potential commercial launch. We also depend on Vetter Pharma Fertigung GmbH & Co, or Vetter, and Ypsomed AG, or Ypsomed, for the production of finished supplies of abaloparatide-SC and we depend on 3M for the production of abaloparatide-TD. Because of our dependence on Vetter for the fill and finish part of the manufacturing process for abaloparatide-SC, we are subject to the risk that Vetter may not have the capacity from time to time to produce sufficient quantities of abaloparatide to meet the needs of our clinical studies or be able to scale to commercial production of abaloparatide. While we are currently in discussions, to date, we have not entered into a long-term agreement with any of Lonza, Vetter or Ypsomed, each of whom currently produces abaloparatide or

related components on a purchase order basis for us. Accordingly, Lonza, Vetter and Ypsomed could terminate their relationship with us at any time and for any reason. We may not be able to negotiate long-term agreements on acceptable terms, or at all. If our relationship with any of these contract manufacturers is terminated, or if they are unable to produce abaloparatide or related components in required quantities, on a timely basis or at all, or if we are forced to accept unfavorable terms for our future relationship, our business and financial condition would be materially harmed. Because the manufacturing process for abaloparatide-TD requires the use of 3M s proprietary technology, 3M is our sole source for finished clinical trial supplies of abaloparatide-TD. To date, we have not entered into a commercial supply agreement with 3M. If we were not able to negotiate commercial supply terms with 3M, as we depend on 3M for production of abaloparatide-TD, we would be unable to commercialize this product if it were to be approved. Or, if we are forced to accept unfavorable terms for our future relationship with 3M, our business and financial condition would be materially harmed. If any of our current product candidates or any product candidates we may develop or acquire in the future receive FDA or foreign regulatory authority approval, we will rely on one or more third-party contractors to manufacture our drugs or related components. Our anticipated future reliance on a limited number of third-party manufacturers exposes us to the following risks:

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- We may be unable to identify manufacturers on acceptable terms, or at all, because the number of potential manufacturers is limited and the FDA must approve any replacement contractor. This approval would require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our products after receipt of FDA approval, if any.

- Our third-party manufacturers might be unable to formulate and manufacture our drugs or related components in the volume and of the quality required to meet our clinical needs and commercial needs, if any.

- Our contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our products.

- Drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the Drug Enforcement Administration, for any controlled substances, and corresponding state agencies to ensure strict compliance with cGMP, and other government regulations and corresponding foreign standards, and failure to comply with cGMP or corresponding foreign standards can result in compliance actions that may limit a manufacturer s production or prohibit a manufacturer from producing some or all products at a facility and/or importing it into the United States or a foreign country. We do not have control over third-party manufacturers compliance with these regulations and standards.

- If any third-party manufacturer makes improvements in the manufacturing process for our products, any such improvement(s) could be subject to FDA review and prior approval, and we may not own, or may have to share, the intellectual property rights to the innovation.

Each of these risks could delay our clinical trials, the approval, if any, of our product candidates by the FDA or other foreign regulatory authority or the commercialization of our product candidates or result in higher costs or deprive us of potential product revenues.

If we are not able to establish additional collaborations, we may have to alter our development plans.

Our product development programs and the potential commercialization of our product candidates will require substantial additional cash to fund expenses. For some of our product candidates, we may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of those product candidates.

We face significant competition in seeking appropriate collaborators. Collaborations are complex and time-consuming to negotiate and document. We may also be restricted under existing collaboration agreements from entering into agreements on certain terms with other potential collaborators. We may not be able to negotiate collaborations on acceptable terms, or at all. If that were to occur, we may have to curtail the development of a particular product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of our sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we will not be able to bring our product candidates to market and generate product revenue.

Risks Related to Marketing and Sale of Our Products

We have no experience selling, marketing or distributing products and currently do not have the internal capability to do so.

We currently have no sales, marketing or distribution capabilities. Our future success depends, in part, on our ability to enter into and maintain collaborative relationships for such capabilities, the collaborators strategic interest in the products under development and such collaborators ability to successfully market and sell any such products. We intend to build an internal sales force to market and sell our products to specialists within the target indications, and to pursue collaborative arrangements to market and sell our products to primary care physicians within the target indications if approved. To the extent that we depend on third parties for marketing and distribution, any revenues we receive will depend upon the efforts of such third parties, and we cannot assure you that their efforts will be successful. In addition, we cannot assure you that we will be able to establish or maintain relationships with such third party collaborators or that we would be able to market and sell our products in the United States or overseas through an in-house sales force in lieu of such relationships.

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If we cannot compete successfully for market share against other drug companies, we may not achieve sufficient product revenues and our business will suffer.

The market for our product candidates is characterized by intense competition and rapid technological advances. If any of our product candidates receives FDA or other foreign regulatory authority approval, it will compete with a number of existing and future drugs and therapies developed, manufactured and marketed by others. Existing or future competing products may provide greater therapeutic convenience or clinical or other benefits for a specific indication than our products, or may offer comparable performance at a lower cost. If our products fail to capture and maintain market share, we may not achieve sufficient product revenues and our business will suffer.

If approved, we will compete against fully integrated pharmaceutical companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. Many of these competitors have compounds already approved or in development. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs or have substantially greater financial resources than we do, as well as significantly greater experience in:

- developing drugs;
- undertaking preclinical testing and human clinical trials;
- obtaining FDA and other regulatory approvals of drugs;
- formulating and manufacturing drugs; and
- launching, marketing and selling drugs.

Developments by competitors may render our products or technologies obsolete or non-competitive.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Some of the drugs that we are attempting to develop, such as our investigational product candidates abaloparatide-SC, abaloparatide-TD, RAD1901 and RAD140, will have to compete against existing therapies if they are approved. In addition, a large number of companies are pursuing the development of pharmaceuticals that target the same diseases and conditions that we are targeting. We face competition from pharmaceutical and biotechnology companies in the United States and abroad. In addition, companies doing business in different but related fields represent substantial competition. Many of these organizations competing with us have substantially greater capital resources, larger research and development staffs and facilities, longer drug development history in obtaining regulatory approvals, and greater manufacturing and marketing capabilities than we do. These organizations also compete with us to attract qualified personnel and parties for acquisitions, joint ventures or other collaborations, and therefore, we may not be able to hire or retain qualified personnel to run all facets of our business. These risks could render our products or technologies obsolete or non-competitive.

Our ability to generate product revenues will be diminished if our drugs sell for inadequate prices or patients are unable to obtain adequate levels of reimbursement.

Our ability to commercialize our product candidates if approved, alone or with collaborators, will depend in large part on the extent to which coverage and reimbursement will be available post-approval from:

- government and health administration authorities;
- private health maintenance organizations and health insurers; and
- other healthcare payers.

Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. Healthcare payers, including Medicare, are challenging the prices charged for medical products and services. Government and other healthcare payers increasingly attempt to contain healthcare costs by limiting both coverage and the level of reimbursement for drugs. Even if one of our product candidates is approved by the FDA or other foreign regulatory authority, insurance coverage may not be available, and reimbursement levels may be inadequate, to cover the costs of our drug. If government and other healthcare payers do not provide adequate coverage and reimbursement levels for our product candidates, once approved, market acceptance of our products could be reduced.

We may incur substantial liabilities and may be required to limit commercialization of our products in response to product liability lawsuits.

The testing and marketing of medical products entail an inherent risk of product liability. Even if one of our investigational product candidates is approved by the FDA or other foreign regulatory authority, if we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with collaborators.

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Risks Related to Our Intellectual Property

If we fail to comply with our obligations in our intellectual property licenses with third parties, we could lose license rights that are important to our business.

We are a party to a number of intellectual property license agreements with third parties and expect to enter into additional license agreements in the future. Our existing license agreements impose, and we expect that any future license agreements will impose, various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, our licensors may have the right to terminate these agreements, in which event we might not be able to develop and market any product that is covered by these agreements. Termination of these licenses or reduction or elimination of our licensed rights may result in our having to negotiate new or reinstated licenses with less favorable terms. The occurrence of such events could materially harm our business.

If our efforts to protect our intellectual property related to abaloparatide-SC, abaloparatide-TD, RAD1901 and/or RAD140 fail to adequately protect these assets or if we are unable to secure all necessary intellectual property, we may lose the ability to license or successfully commercialize one or more of these candidates.

Our commercial success is significantly dependent on intellectual property related to our product portfolio of product candidates. We are either the licensee or assignee of numerous issued and pending patent applications that cover various aspects of our assets, including abaloparatide-SC, abaloparatide-TD, RAD1901 and RAD140.

Patents covering abaloparatide as a composition of matter have been issued in the United States (US Patent No. 5,969,095) and several additional countries. Because the abaloparatide composition of matter patent was filed in 1996, it is expected to have an expiration in 2016 in the United States (this date does not include the possibility of Hatch-Waxman patent term extension, which could extend the expiration in the United States into the first quarter of 2021 if an application for extension is made and the maximum extension is granted by the United States Patent and Trademark Office, USPTO), and additional countries where it has issued. European Patent No. 0847278, which was included in the license from Ipsen and claimed the composition of matter of abaloparatide, lapsed due to Ipsen s failure to pay annuities. We are pursuing restoration of those patent rights. To date, the patent rights in Austria, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom have been restored. We believe that the data and market exclusivity provided in Europe for a new chemical entity, coupled with the need for a potential competitor to conduct clinical trials, will likely provide a longer barrier to entry than the patent protection provided by the original European patent term, which would have expired in 2016, plus a five year maximum Supplemental Protection Certificate.

We and Ipsen are also co-assignees to US Patent No. 7,803,770 that we believe provides exclusivity until October 3, 2027 and may be extended to March 26, 2028 in the United States (absent any Hatch-Waxman patent term extension) for the method of treating osteoporosis with the intended therapeutic dose for abaloparatide-SC.

We and Ipsen Pharma SAS, or Ipsen, are also co-assignees to US Patent No. 8,148,333 that we believe provides exclusivity until 2027 in the United States (absent any Hatch-Waxman patent term extension) for the intended therapeutic formulation for abaloparatide-SC.

We and 3M are co-assignees to several foreign and corresponding U.S. patent applications with the earliest priority date of April 22, 2011, which cover various aspects of abaloparatide for microneedle application. Any issued patents resulting from these applications will expire in 2032. However, pending patent applications in the United States and elsewhere may not issue since the interpretation of the legal requirements of patentability in view of claimed inventions are not always predictable. Additional intellectual property covering abaloparatide-TD technology exists in the form of proprietary information protected as trade secrets. These can be accidentally disclosed to, independently derived by or misappropriated by competitors, possibly reducing or eliminating the exclusivity advantages of this form of intellectual property, thereby allowing those competitors more rapid entry into the marketplace with a competitive product thus reducing our advantage with abaloparatide-TD. In addition, trade secrets may in some instances become publicly available through required disclosures in regulatory files. Alternatively, competitors may sometimes reverse engineer a product once it becomes available on the market. Even where a competitor does not use an identical technology for the delivery of abaloparatide, it is possible that they could achieve an equivalent or even superior result using another technology. Such occurrences could lead to either one or more alternative competitor products becoming available on the market and/or one or more generic competitor products on the market gaining market share and causing a corresponding decrease in market share and/or price for abaloparatide-TD even if it were to be successfully developed and approved by FDA.

Patents covering RAD1901 as a composition of matter, as well as the use of RAD1901 for the treatment of estrogen-dependent breast cancer, have been issued in the United States, Canada, Australia, Japan and Europe, and are pending in India. The RAD1901 composition of matter patents in the United States expire in 2023 and may be extended to 2026 (absent any Hatch-Waxman patent term extension). One patent has been issued in the United States (the US Patent No. 8,933,130) for treating vasomotor disturbances or hot flashes on January 13, 2015 (statutory term expires on June 22, 2027, and may be extended to October 19, 2031 with 1,580 days of patent term adjustment due to delays in patent prosecution by the USPTO). Additional patent applications relating to methods of

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treating vasomotor symptoms and clinical dosage strengths using RAD1901 have been filed. Pending patent applications in the United States and elsewhere may not issue since the interpretation of the legal requirements of patentability in view of any claimed invention before a patent office are not always predictable. As a result, we could encounter challenges or difficulties in building, maintaining and/or defending our intellectual property both in the United States and abroad.

Patent applications covering RAD140 and other SARM compounds have been granted in the United States, Europe, Canada, Mexico, Japan and Australia, and are pending in the United States and elsewhere. The RAD140 composition of matter patents expire in 2029 in the United States (absent any Hatch-Waxman patent term extension) and additional countries if and when it issues.

Since patents are technical legal documents that are frequently subject to intense litigation pressure, there is risk that even if one or more patents related to our products does issue and is asserted that the patent(s) will be found invalid, unenforceable and/or not infringed when subject to said litigation. Finally, the intellectual property laws and practices can vary considerably from one country to another and also can change with time. As a result, we could encounter challenges or difficulties in building, maintaining and defending our intellectual property both in the United States and abroad.

We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to patents issued or licensed to us, including interference proceedings before the USPTO. Third parties also may assert infringement claims against us. If we are found to infringe a third party s intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business. For example, we are aware of a provisional patent application filed with the USPTO that could be relevant to the use of RAD1901 to treat indications for which we are developing RAD1901. If a patent issues from this patent application with claims covering the use of RAD1901 to treat indications for which we are developing RAD1901, we may need to license the patent in order to commercialize RAD1901 specifically for the treatment of such indications even if RAD1901 were successfully developed and approved. We cannot assure you that we will be able to secure a license on reasonable terms, if at all. If we need a license of such patent in order to commercialize RAD1901 and are unable to secure one on reasonable terms, our business would be materially harmed.

If we are unable to obtain and maintain patent protection for our technology and products, or if our licensors are unable to obtain and maintain patent protection for the technology or products that we license from them, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

Our success depends in large part on our and our licensors ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and products. In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology or products that we license from third parties. Therefore, we cannot be certain that these patents and applications will be prosecuted and enforced in a manner consistent with the best interests of our business. In addition, if third parties

who license patents to us fail to maintain these patents, or lose rights to those patents, the rights we have licensed may be reduced or eliminated.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our licensors patent rights are highly uncertain. Our and our licensors pending and future patent applications may not result in patents being issued that protect our technology or products or that effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Assuming the other requirements for patentability are met, in the United States, prior to March 16, 2013, the first to make the claimed invention was entitled to the patent (a first-to-invent system), while outside the United States, the first to file a patent application is entitled to the patent (a first-to-file system). With the implementation of the Leahy-Smith America Invents Act, the United States now has a first-to-file system for patent applications filed on or after March 16, 2013. We may become involved in opposition, interference or derivation proceedings challenging our patent rights or the patent rights of others. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned and licensed patents or pending patent applications, or that we or our licensors were the first to file for patent

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protection of such inventions. An adverse determination in any such proceeding could reduce the scope of, or invalidate our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights.

Even if our owned and licensed patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. Any challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are approved or commercialized. As a result, our owned and licensed patents may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Payments, fees, submissions and various additional requirements must be met in order for pending patent applications to advance in prosecution and issued patents to be maintained. Rigorous compliance with these requirements is essential to procurement and maintenance of patents integral to our product portfolio.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or patent applications will come due for payment periodically throughout the lifecycle of patent applications and issued patents. In order to help ensure that we comply with any required fee payment, documentary and/or procedural requirements as they might relate to any patents for which we are an assignee or co-assignee, we employ competent legal help and related professionals as needed to comply with those requirements. Our outside patent counsel uses Computer Packages, Inc. for patent annuity payments. We depend on Eisai and/or Ipsen to comply with any required fee payment, documentary and/or procedural requirements as they might relate to any patents we have licensed from them. Failure to meet a required fee payment, document production or procedural requirement can result in the abandonment of a pending patent application or the lapse of an issued patent. In some instances the defect can be cured through late compliance but there are situations where the failure to meet the required event cannot be cured. Any failures could compromise the intellectual property protection around our preclinical or clinical candidates and possibly weaken or eliminate our ability to protect our eventual market share for that product.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to our patented technology and products, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to our trade secrets, such as our corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, any of these parties may breach the agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for any breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition,

some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to, or independently developed by a competitor, our competitive position would be harmed.

If we infringe the rights of third parties, we could be prevented from selling products and could be forced to pay damages and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and may have to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing drug candidate;
- redesign our products or processes to avoid infringement;
- stop using the subject matter claimed in the patents held by others;
- pay damages; or
- defend litigation or administrative proceedings which may be costly whether we win or lose, which could result in a substantial diversion of our financial and management resources.

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We may become involved in lawsuits to protect or enforce our patents, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our patents. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is invalid and/or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated and/or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, our licensors may have rights to file and prosecute these types of claims, and we may be reliant on them to do so.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Some of our employees were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee s former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities, delaying the development of our product candidates. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Litigation or other proceedings could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct any litigation or proceedings. Some of our competitors may be able to sustain the costs of any litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

Risks Related to Legislation and Administrative Actions

Healthcare reform may have a material adverse effect on our industry and our results of operations.

From time to time, legislation is implemented to reign in rising healthcare expenditures. In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or PPACA. PPACA includes a number of provisions affecting the pharmaceutical industry, including annual, non-deductible fees on any entity that manufactures or imports some types of branded prescription drugs and biologics and increases in Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program. In addition, among other things, PPACA also establishes a new Patient-Centered Outcomes Research Institute to oversee, identify priorities and conduct comparative clinical effectiveness research. In addition, other legislative changes have been proposed and adopted since PPACA was enacted, which also may impact our business. On August 2, 2011, the President signed into law the Budget Control Act of 2011, or BCA, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve its targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation s automatic reduction to several government programs. These reductions include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which were scheduled to go into effect on January 2, 2013. The enactment of the American Taxpayer Relief Act of 2012 delayed the imposition of the automatic cuts until March 1, 2013. On March 1, 2013, the President signed an executive order implementing the automatic budget reductions. Pursuant to that order, payments to Medicare providers for services furnished on or after April 1, 2013 were reduced by 2%. The 2013 Budget Act extended the 2% reduction in payments to Medicare providers by another two years (through 2023), and subsequent legislation extended the cuts through 2024. Unless Congress acts to repeal or revise the automatic budget cuts enacted by the BCA, this payment reduction will continue. The full impact on our business of these new laws is uncertain. We cannot predict whether other legislative changes will be adopted, if any, or how such changes would affect the pharmaceutical industry generally or our business in particular.

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We are subject to healthcare laws, regulation and enforcement, and our failure to comply with those laws could have a material adverse effect on our results of operations and financial conditions.

We are subject to several healthcare regulations and enforcement by the federal government and the states and foreign governments in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of various electronic healthcare transactions and protects the security and privacy of protected health information;

- the federal healthcare programs Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation; in addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- federal false claims laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payers that are false or fraudulent;

- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation;

- the federal Physician Payment Sunshine Act, or the Sunshine Act, requires applicable manufacturers of covered drugs to report payments and other transfers of value to physicians and teaching hospitals, and ownership and investment interests held by physicians and their immediate family members. Data from the first reporting period, which began in August 2013, is now publicly available. Manufacturers will be required to submit subsequent reports to the government by the 90th day of each calendar year; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers; state laws that require pharmaceutical companies to comply with the industry s voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Our operations and future commercial activities in connection with any product candidate that is approved will be subject to comprehensive compliance obligations under state and federal fraud and abuse, false claims, physician payment transparency laws and government pricing regulations, as described above. If we are found to be in violation of these regulations, we may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to operate our business and our financial results.

We may be exposed to liability claims associated with the use of hazardous materials and chemicals.

Our research and development activities may involve the controlled use of hazardous materials and chemicals. Although we believe that our safety procedures for using, storing, handling and disposing of these materials comply with federal, state and local laws and regulations, we cannot completely eliminate the risk of accidental injury or contamination from these materials. In the event of such an accident, we could be held liable for any resulting damages and any liability could materially adversely affect our business, financial condition and results of operations. In addition, the federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of hazardous or radioactive materials and waste products may require us to incur substantial compliance costs that could materially adversely affect our business, financial condition and results of operations.

Risks Related to Employee Matters and Managing Growth

As we evolve from a company primarily involved in drug discovery and development into one that is also involved in the commercialization of pharmaceutical products, we may have difficulty managing our growth and expanding our operations successfully.

Our success will depend upon the expansion of our operations and the effective management of our growth, and if we are unable to manage this growth effectively, our business will be harmed. As we advance our product candidates through the development process, we will need to expand our development, regulatory, manufacturing, quality, distribution, sales and marketing capabilities or contract with other organizations to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various collaborators, suppliers and other organizations. Our ability to manage our operations and growth requires us to continue to improve our operational, financial and management controls, reporting systems and procedures. For

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example, some jurisdictions, such as the District of Columbia, have imposed licensing requirements for sales representatives. In addition, the District of Columbia and the Commonwealth of Massachusetts, as well as the federal government by way of the Sunshine Act, have established reporting requirements that would require public reporting of compensation and other transfers of value paid to health care professionals and teaching hospitals, as well as ownership and investment interests held by such professionals and their immediate family members. Because the reporting requirements vary in each jurisdiction, compliance will be complex and expensive and may create barriers to entering the commercialization phase. The need to build new systems as part of our growth could place a strain on our administrative and operational infrastructure. We may not be able to make improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Such requirements may also impact our opportunities to collaborate with physicians at academic research centers as new restrictions on academic-industry relationships are put in place. In the past, collaborations between academia and industry have led to important new innovations, but the new laws may have an effect on these activities. While we cannot predict whether any legislative or regulatory changes will have negative or positive effects, they could have a material adverse effect on our business, financial condition and potential profitability.

We may enter into or seek to enter into business combinations and acquisitions which may be difficult to integrate, disrupt our business, divert management attention or dilute stockholder value.

We may enter into business combinations and acquisitions. We have limited experience in making acquisitions, which are typically accompanied by a number of risks, including:

- the difficulty of integrating the operations and personnel of the acquired companies;
- the potential disruption of our ongoing business and distraction of management;
- the potential for unknown liabilities and expenses;
- the failure to achieve the expected benefits of the combination or acquisition;
- the maintenance of acceptable standards, controls, procedures and policies; and
- the impairment of relationships with employees as a result of any integration of new management and other personnel.

If we are not successful in completing acquisitions that we may pursue in the future, we would be required to reevaluate our business strategy and we may have incurred substantial expenses and devoted significant management time and resources in seeking to complete the acquisitions. In addition, we could use substantial portions of our available cash as all or a portion of the purchase price, or we could issue additional securities as consideration for these acquisitions, which could cause our stockholders to suffer significant dilution.

We rely on key executive officers and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace.

We are highly dependent on our chief executive officer and our principal scientific, regulatory and medical advisors. We do not have key person life insurance policies for any of our officers. The loss of the technical knowledge and management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our operating results.

If we are unable to hire additional qualified personnel, our ability to grow our business may be harmed.

We will need to hire additional qualified personnel with expertise in preclinical testing, clinical research and testing, government regulation, formulation and manufacturing and sales and marketing. We compete for qualified individuals with numerous biopharmaceutical companies, universities and other research institutions. Competition for such individuals is intense, and we cannot be certain that our search for such personnel will be successful. Attracting and retaining qualified personnel will be critical to our success.

Risks Relating to Our Securities

Our stock price may be volatile, and the value of an investment in our common stock may decline.

The trading price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control, including:

- results of clinical trials of our product candidates or those of our competitors;
- our operating performance and the operating performance of similar companies;
- the success of competitive products;
- the overall performance of the equity markets;
- the number of shares of our common stock publicly owned and available for trading;
- threatened or actual litigation;
- changes in laws or regulations relating to our products, including changes in the structure of healthcare payment systems;
- any major change in our board of directors or management;

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- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- large volumes of sales of our shares of common stock by existing stockholders;
- general political, economic and market conditions; and
- the other factors described in this Risk Factors section.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies whose shares trade in the stock market. These fluctuations may be even more pronounced in the trading market for our stock shortly following the initial public offering. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management s attention and resources and harm our business, operating results and financial condition.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of our credit facility preclude us from paying cash dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives.

As a public company listed on the NASDAQ Global Market, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company and prior to the listing of our common stock on the NASDAQ Global Market. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the Securities and Exchange Commission, or the SEC, and NASDAQ have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and are making some activities more time-consuming and costly.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we are required to furnish a report by our management on our internal control over financial reporting, and are required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. If we are unable to maintain

effective internal controls, we may not have adequate, accurate or timely financial information, and we may be unable to meet our reporting obligations as a publicly traded company or comply with the requirements of the SEC or Section 404. This could result in a restatement of our financial statements, the imposition of sanctions, including the inability of registered broker dealers to make a market in our common shares, or investigation by regulatory authorities. Any such action or other negative results caused by our inability to meet our reporting requirements or comply with legal and regulatory requirements or by disclosure of an accounting, reporting or control issue could adversely affect the trading price of our securities and our business. Material weaknesses in our internal control over financial reporting could also reduce our ability to obtain financing or could increase the cost of any financing we obtain.

Our directors and executive officers, together with their affiliates, have substantial influence over us and could delay or prevent a change in corporate control.

Our directors and executive officers, together with their affiliates, beneficially owned approximately 8.7 million shares of our common stock as of June 30, 2015. These stockholders, acting together, have the ability to significantly influence the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, have the ability to significantly influence the management and affairs of our company. Accordingly, this concentration of ownership might harm the market price of our common stock by:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

Additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales.

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These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

Pursuant to our equity incentive plans, our management is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. We have reserved 6,159,510 shares of our common stock for issuance under our equity incentive plans as of June 30, 2015, which includes 3,800,065 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2015, and will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. In addition, as of June 30, 2015, warrants to purchase 839,737 shares of our common stock were outstanding. Shares of our common stock issued upon exercise of these warrants may be sold in the public market, subject to prior registration, or under an exemption from registration. Furthermore, in connection with the public offering of our common stock in July 2015, our directors, officers and their affiliated entities entered into lock-up agreements under which they have agreed not to sell, transfer or dispose of, directly or indirectly, any shares of our common stock or any securities exercisable or exchangeable for shares of our common stock for a period of 90 days, in the case of our officers, and for a period of 60 days, in the case of our directors and their affiliated entities, subject to a possible extension under certain circumstances. After the expiration of the applicable lock-up period, these shares may be sold in the public market, subject to prior registration or under an exemption from registration, including compliance with Rule 144. If any of these additional shares are sold, or if it is perceived that they will be sold, the price of our common stock could decline substantially.

If securities or industry analysts cease to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Anti-takeover provisions contained in our restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- a staggered board of directors;
- authorizing the board to issue, without stockholder approval, preferred stock with rights senior to those of our common stock;

- authorizing the board to amend our bylaws and to fill board vacancies until the next annual meeting of the stockholders;
- prohibiting stockholder action by written consent;
- limiting the liability of, and providing indemnification to, our directors and officers;
- eliminating the ability of our stockholders to call special meetings; and
- requiring advance notification of stockholder nominations and proposals.

Section 203 of the Delaware General Corporation Law, or DGCL, prohibits, subject to some exceptions, business combinations between a Delaware corporation and an interested stockholder, which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation s voting stock, for a three-year period following the date that the stockholder became an interested stockholder.

These and other provisions in our restated certificate of incorporation and our amended and restated bylaws under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our common stock and result in the market price of our common stock being lower than it would be without these provisions.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2014, we had $319.7 million of federal and $246.5 million of state net operating loss carryforwards available to offset future taxable income. Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an ownership change (generally defined as a greater than 50% change (by value) in its equity ownership over a three year period), the corporation s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We have not performed a detailed analysis to determine whether an ownership change under Section 382 of the Code has previously occurred. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset U.S. federal taxable income may become subject to limitations, which could potentially result in increased future tax liability to us.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Use of Proceeds from Public Offering of Common Stock

On June 5, 2014, the Securities and Exchange Commission, or SEC, declared effective our Registration Statement on Form S-1 (File No. 333-194150), as amended, or Registration Statement, filed in connection with the initial public offering of our common stock, or IPO. As of June 30, 2015, we have used all of the net proceeds from our IPO. Except as described above, there has been no change in our prior disclosure regarding our use of proceeds from our IPO contained in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

On August 4, 2015, we repaid all amounts owed under our Loan and Security Agreement, dated May 30, 2014, as amended, with Solar Capital Ltd., as collateral agent and a lender, and Oxford Finance, LLC, as a lender, or the Loan Agreement, in the amount of approximately $26.5 million, including a prepayment premium of $500,000 and a final fee payment of $1.0 million. Upon repayment, all commitments under the Loan Agreement were terminated and all security interests granted by us in connection with the Loan Agreement were released.

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Item 6. **Exhibits.**

A list of exhibits is set forth on the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

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SIGNATURES

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.

RADIUS HEALTH, INC.

By: /s/ Robert E. Ward
Robert E. Ward
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2015

By: /s/ B. Nicholas Harvey
B. Nicholas Harvey
Chief Financial Officer
(Principal Accounting and Financial Officer)

Date: August 6, 2015

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			Filing Date	Filed/ Furnished Herewith
		Form	File No.	Exhibit		
3.1	Restated Certificate of Incorporation, filed on June 11, 2014	8-K	001-35726	3.1	6/13/14	
3.2	Amended and Restated By-Laws	8-K	001-35726	3.2	6/13/14	
10.1	Third Amendment to Loan and Security Agreement, dated April 8, 2015, by and among the Company, Solar Capital Ltd., and Oxford Finance LLC	10-Q	001-35726	10.2	5/6/15	
10.2	Radius Health, Inc. 2011 Equity Incentive Plan (as amended and restated)	8-K	001-35726	10.1	5/11/15	
10.3	Change Order Form #26, dated May 13, 2015, to Fifth Amendment to Development and Clinical Supplies Agreement, dated December 14, 2012 and effective as of November 30, 2012, by and among the Company and 3M Co. and 3M Innovative Properties Co., as amended					*
10.4	Work Orders #8, dated March 27, 2015, to the Development and Manufacturing Services Agreement, dated October 16, 2007, by and between the Company, as successor to Radius Health, Inc., and LONZA Sales Ltd., as amended					*
10.5	Work Orders # 9, dated May 7, 2015, to the Development and Manufacturing Services Agreement, dated October 16, 2007, by and between the Company, as successor to Radius Health, Inc., and LONZA Sales Ltd., as amended					*
10.6	Work Orders #10, dated May 22, 2015, to the Development and Manufacturing Services Agreement, dated October 16, 2007, by and between the Company, as successor to Radius Health, Inc., and LONZA Sales Ltd., as amended					*

10.7	Amendment No. 2, dated April 30, 2015 and effective as of March 23, 2015, to Work Statement NB-3, dated February 21, 2013, by and between the Company and Nordic Bioscience Clinical Development VII/AS, as amended	10-Q	001-35726	10.5	5/6/15	
10.8	Amendment No. 3, dated July 28, 2015 and effective as of July 8, 2015, to Work Statement NB-3, dated February 21, 2013, by and between the Company and Nordic Bioscience Clinical Development VII/AS, as amended					*
31.1	Certification of Chief Executive Officer					*

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	pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)	
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)	*
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	**
101.INS	XBRL Instance Document	*
101.SCH	XBRL Taxonomy Extension Schema Document	*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	*

* Filed herewith.

** Furnished herewith.

Confidential treatment has been requested with respect to certain portions of this exhibit, which portions have been filed separately with the Securities and Exchange Commission.