

Morgan Stanley Leveraged Finance Conference

June 3, 2015

Chris Elma, Treasurer



Safe Harbor

This presentation and the documents incorporated by reference herein contain forward-looking statements regarding future events and our future results that are subject to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “predicts,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned these forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this release and those discussed in other documents we file with the Securities and Exchange Commission (SEC). More information on potential risks and uncertainties is available in our recent filings with the SEC, including Cincinnati Bell’s Form 10-K report, Form 10-Q reports and Form 8-K reports. Actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

Non GAAP Financial Measures

This presentation contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), Adjusted EBITDA margin, net debt and free cash flow. These are non-GAAP financial measures used by Cincinnati Bell management when evaluating results of operations and cash flow. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations and cash flows with past and future periods. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. Detailed reconciliations of Adjusted EBITDA, net debt and free cash flow (including the Company's definition of these terms) to comparable GAAP financial measures can be found in the earnings release on our website at www.cincinnati-bell.com within the Investor Relations section.

First Quarter 2015 Highlights



Q1 2015 Financial Results

- Revenue totaled \$293 million, up 4% year-over-year
- Strong Adjusted EBITDA of \$79 million



Closed Wireless operations

- No subscribers remaining on the network as of March 31, 2015
- Recognized \$113 million gain previously deferred
- Transfer of certain tower lease liabilities valued at approximately \$25 million (April 1, 2015)



Announced agreement to sell 14 million CyrusOne partnership units

- Proceeds of \$426 million used to repay debt
- \$295 million gain to be recognized in the second quarter
- Remaining 22% ownership valued at approximately \$450 million

Cincinnati Bell – Our Strategy

Create a growing fiber based entertainment, communications & IT solutions company:

- **INCREASING** revenue and profit
- **HEALTHY** balance sheet
- **SIGNIFICANT SUSTAINABLE** cash flow



Fiber investments have dramatically reshaped our BRAND and PUBLIC PERCEPTION



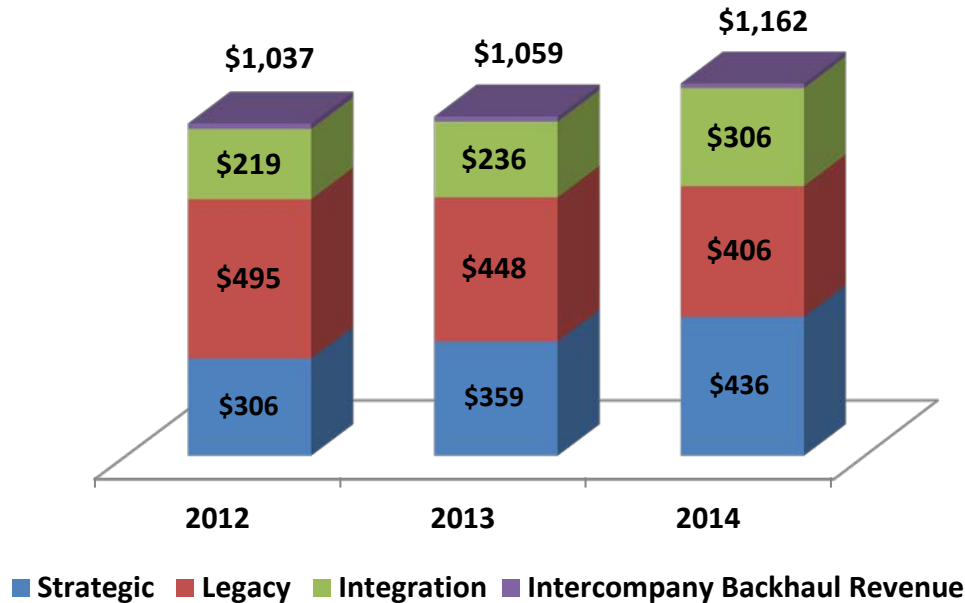
INCREASING REVENUE AND PROFIT

Executing Objectives

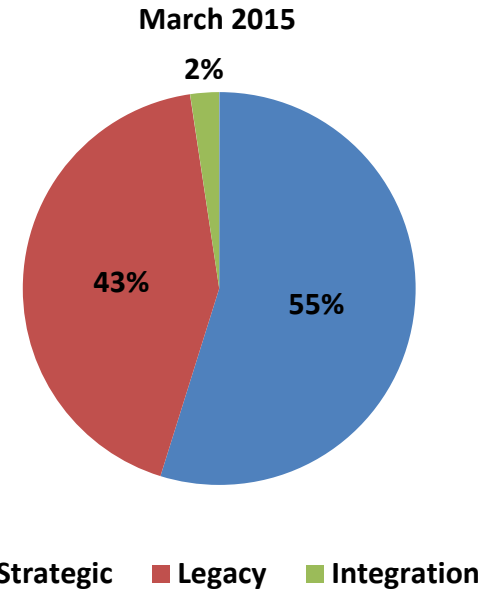
We are doing what we said we would do

Total Revenue Trend *

(\$ in millions)



Recurring Revenue **



Strategic revenue accounts for 55% of total recurring revenue

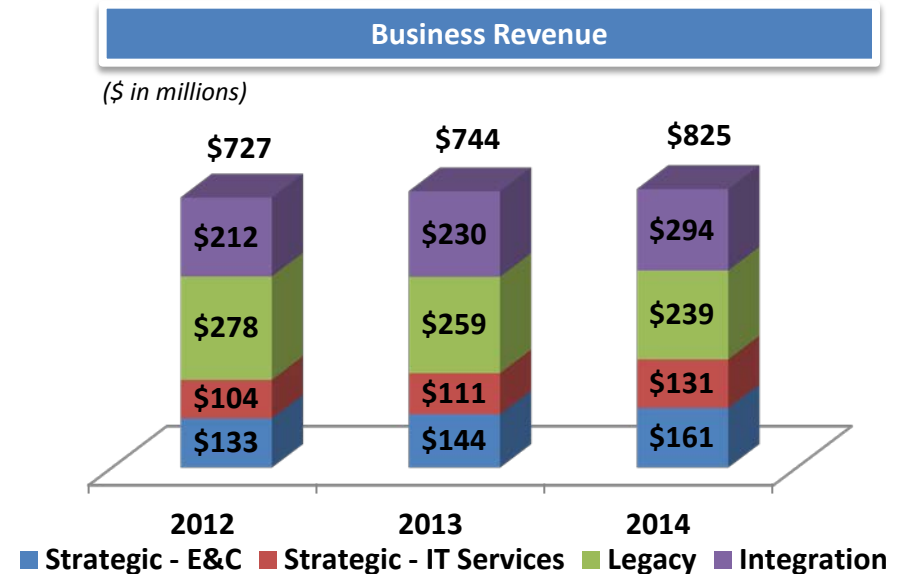
Strategic investments have significantly altered the OUTLOOK for Cincinnati Bell

* Revenue results are presented net of intercompany, Wireless operations and CyrusOne

** Recurring revenue excludes hardware

Revenue Growth - Business

We have 4 times more fiber assets than our nearest competitor and a deep understanding of the local economy to ensure we continue providing premier telecommunications and IT solutions to the region's largest enterprises.



Continue to Develop Regional Markets

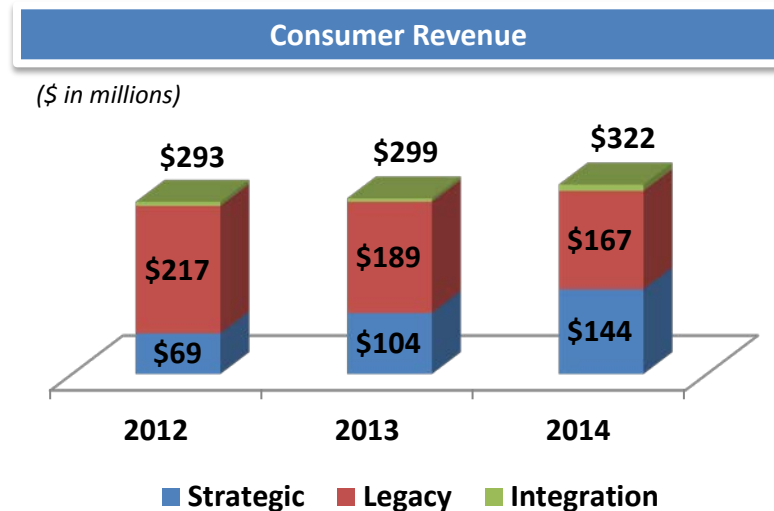
- Increased focus on managed services and IT solutions growth
- Foster ongoing relationships in Louisville (7 years), Columbus (4 years), and Indianapolis (3 years)
 - 10 gig connection to each of these markets
- Connected 6,300 buildings lit with fiber – including 600 multi-dwelling units

Increase Sales & Revenues

- Strategic revenue for Entertainment and Communications business customers totaled \$43 million in the Q1 2015 – up 10% compared to the prior year
- Strategic managed and professional services revenue was \$41 million in the Q1 2015 – up 24% compared to a year ago
- Total business lines (including VoIP access line equivalents) totaled 307,000 – up more than 1,000 compared to a year ago

Revenue Growth - Consumer

Cincinnati is where we work, live and play. As the hometown provider – we offer our customers access to the fastest internet in town and a premier video package.



Accelerate Fiber Build

- Disciplined “**success-based**” approach to accelerating deployment of Fioptics
 - New plan accelerates build-out to approximately 70 – 80 percent of Greater Cincinnati
- Enables innovation and growth for the region through technology
- Re-platforming Cincinnati Bell with a future proof asset to meet consumer and small business needs
- Launch of 1GB internet product

Strong Financial Results and Metrics (March 2015)

- Fioptics revenues totaled \$42 million in 1Q 2015, up 36% compared to a year ago
- Fioptics subscribers increased on average 28% in 1Q 2015 compared to prior year
 - 96,000 video subscribers; 4,400 net activations in the quarter
 - 123,000 internet subs; record high 9,400 subs added in the quarter
- Fioptics penetration: Video (27%) and Internet (34%)

A person is writing on a document with a pen. In the foreground, a tablet displays a financial chart. The background is a blurred image of a person writing on a document.

HEALTHY BALANCE SHEET AND SIGNIFICANT CASH FLOWS

Executing Objectives

We are doing what we said we would do

- Sale of wireless spectrum licenses closed in Q3 2014 for cash totaling \$194 million. Proceeds were used to repay \$23 million 8.375% Senior Notes due 2020 and temporarily repay revolving facilities to later finance Fioptics investment
- March 2015: Transferred tower lease obligations valued at approximately \$25 million to Verizon
- Broadened relationship with Verizon



Executing Objectives

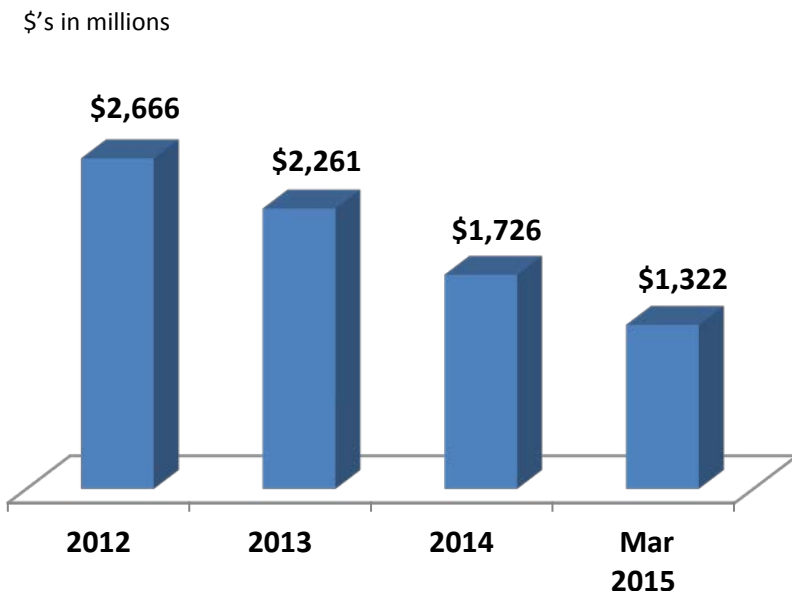
We are doing what we said we would do

Successfully completed TWO well timed and thoughtful monetizations of our CyrusOne investment

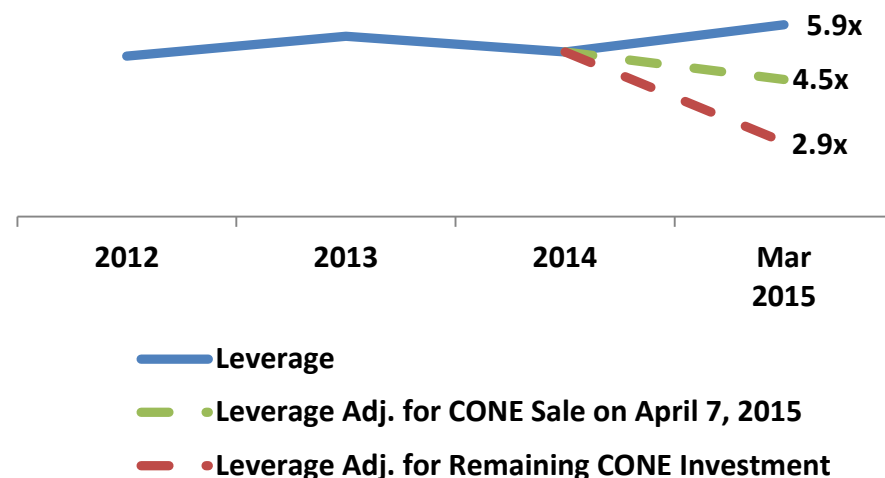
- Cash proceeds used to repay \$675 million in debt reducing interest payments by ~ \$60 million annually
- CyrusOne continues to produce outstanding financial results
 - Revenue and Adjusted EBITDA forecasted to increase at approximately 25% based on revised guidance
- Continue to evaluate monetization strategies which maximize shareholder value
 - Monetization has improved our credit profile and reduced risk
 - Current 22% ownership valued at approximately \$450 million
 - Remaining value of NOLs (approximately \$525 million) will be used to defray any tax liability

Strengthening our Financial Position

Net Debt [1]



Leverage Ratio [2]



- Net debt has decreased by more than \$1.2 billion since 2012
- Annual interest savings of approximately \$115 million compared to 2012
- Improved leverage profile provides opportunity for more efficient capital structure management.
- Leverage ratio adjusted for CONE stake is favorable compared to peer group

[1] Corporate credit agreement requires 85 percent of CyrusOne proceeds be used to repay debt

[2] 2015 leverage calculated based on Adjusted EBITDA guidance

Capital Structure

(\$ in millions)

Proforma for April Monetization	3/31/2015	Maturity
Cash & Cash Equivalents	\$ 132	-
Revolving Credit Facility	-	7/15/17
Receivables Facility	27	6/2/16
Term Loan B	532	9/10/20
Capital Leases and Other Debt	70	Various
Various Cincinnati Bell Telephone Notes	135	12/1/28
7.25% Senior Secured Notes due 2023	40	6/15/23
Senior Secured Debt	\$ 803	
8.375% Senior Notes Due 2020	661	10/15/20
Total Debt	\$ 1,465	

Credit Statistics

EBITDA	\$ 297
Senior Secured Leverage/EBITDA	2.7x
Total Debt/EBITDA	4.9x
Net Debt (Net of Cone)/EBITDA ¹	2.9x

¹ Q1 2015 value of Cone \$443 million

Liquidity 3/31/15	
Cash and Cash Equivalents	\$ 13
Corporate Credit Facility	150
Receivables Facility	69
Liquidity (Mar 31, 2015)	232
CyrusOne proceeds	426
Required debt repayments ^[A]	(365)
Incremental Agreement	25
Liquidity as Adjusted	<u>\$ 318</u>

**Evaluating next steps
to maintain maximum
flexibility at lowest
risk and cost**

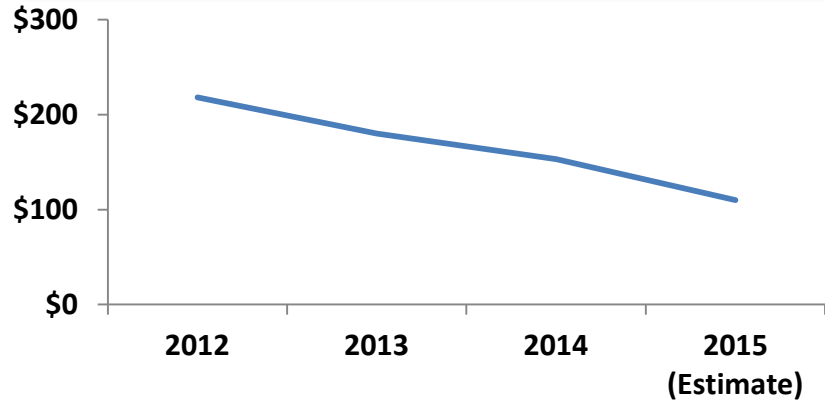
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Cincinnati BellSM

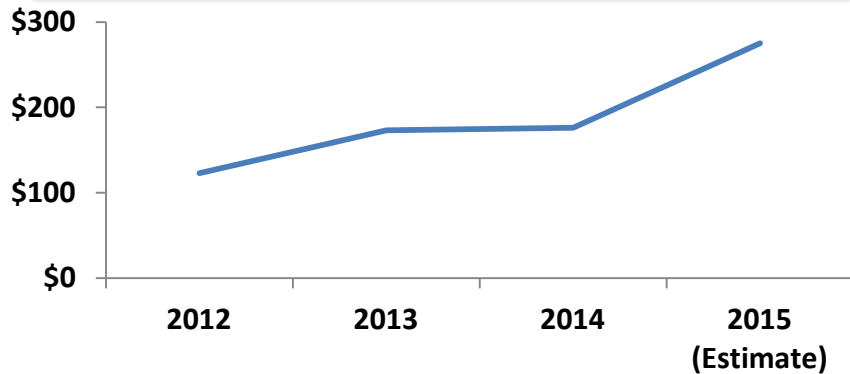
Trend in Cash Flow Items

(\$ in millions)

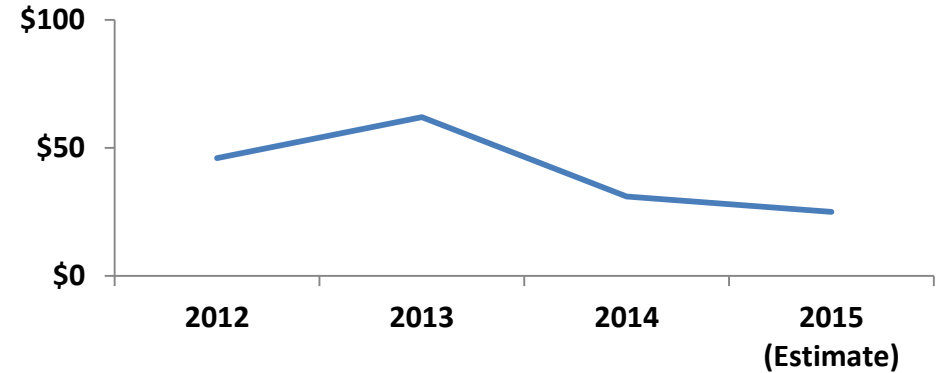
Interest Payments



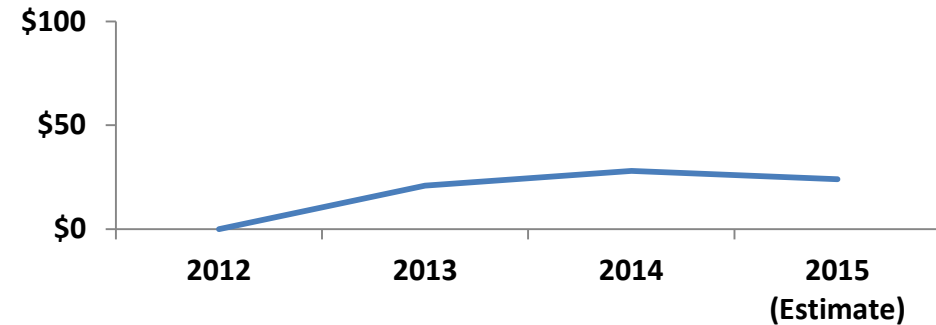
Capital Expenditures



Pension & OPEB



Dividends from CONE



Cash flow levers are trending in a positive direction

Cincinnati Bell - Key Takeaways

- Reaffirming 2015 Revenue (\$1.1 billion) and Adjusted EBITDA (\$297 million) guidance
- Investments in strategic products continue to be success based
- Value creation will increase with both profit acceleration and multiple expansion
- Our plans for monetizing our investment in CyrusOne remain unchanged
- We are committed to our target leverage of less than 3.0x

We are creating a company with unparalleled fiber assets, growing revenues, growing profits, a healthy balance sheet, and strong sustainable cash flows!