

Cincinnati Bell

Cincinnati Bell ***1st Quarter 2007 Review***

May 8, 2007



Agenda

1. Performance Highlights

Jack Cassidy, President & CEO

2. Operational Overview

Rod Dir, COO

3. Financial Overview

Brian Ross, CFO

4. Q & A

Safe Harbor

Certain of the statements and predictions contained in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. In particular, any statements, projections or estimates that include or reference the words “believes,” “anticipates,” “plans,” “intends,” “expects,” “will,” or any similar expression fall within the safe harbor for forward-looking statements contained in the Reform Act. Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including but not limited to, Cincinnati Bell’s ability to maintain its market position in communications services, including wireless, wireline and internet services; general economic trends affecting the purchase or supply of communication services; world and national events that may affect the ability to provide services; changes in the regulatory environment; any rulings, orders or decrees that may be issued by any court or arbitrator; restrictions imposed under various credit facilities and debt instruments; work stoppages caused by labor disputes; adjustments resulting from year-end audit procedures; and Cincinnati Bell’s ability to develop and launch new products and services. More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Cincinnati Bell’s Form 10-K report, Form 10-Q reports and Forms 8-K. The forward-looking statements included in this presentation represent estimates as of the date on the first slide. It is anticipated that subsequent events and developments will cause estimates to change.

Performance Highlights

Jack Cassidy

President & CEO

1Q 2007 Accomplishments

Year over year growth in revenue, EBITDA and net income

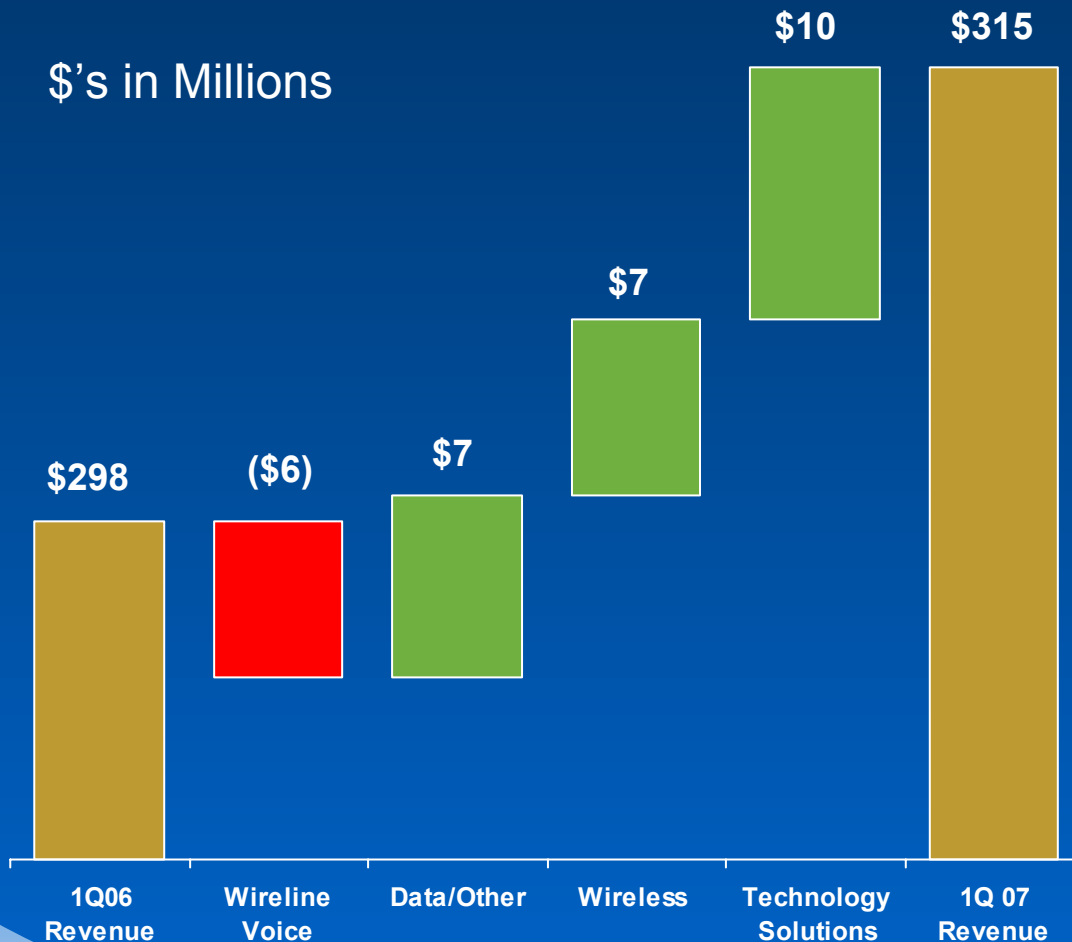
Increase in wireless service revenue, margins, and subscriber base

20%+ revenue & EBITDA growth in Technology Solutions

Nearly 10% increase in business enterprise revenue

2007 Revenue Growth

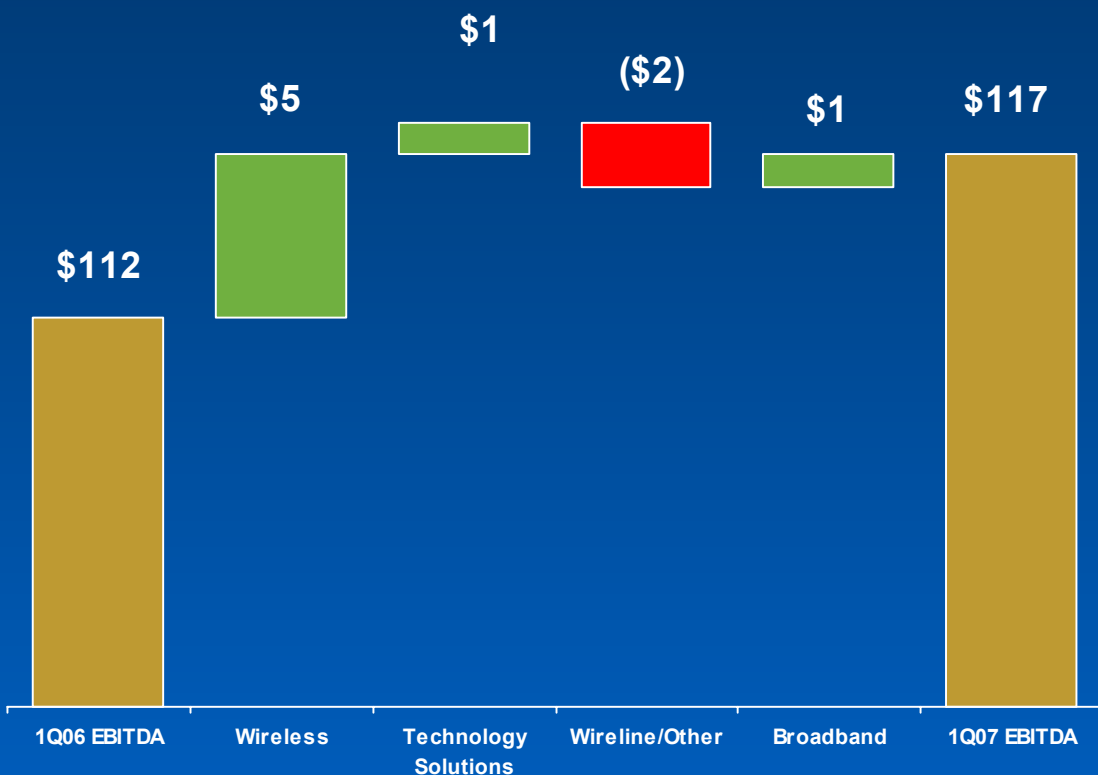
\$'s in Millions



- Wireline data growth primarily due to 22% increase in DSL subscribers
- Wireless reflects a 12% increase in service revenue
- Technology Solutions revenue increase of 25%
 - 22% in telecom and IT equipment
 - 36% growth in managed services

* May not foot due to rounding

2007 EBITDA

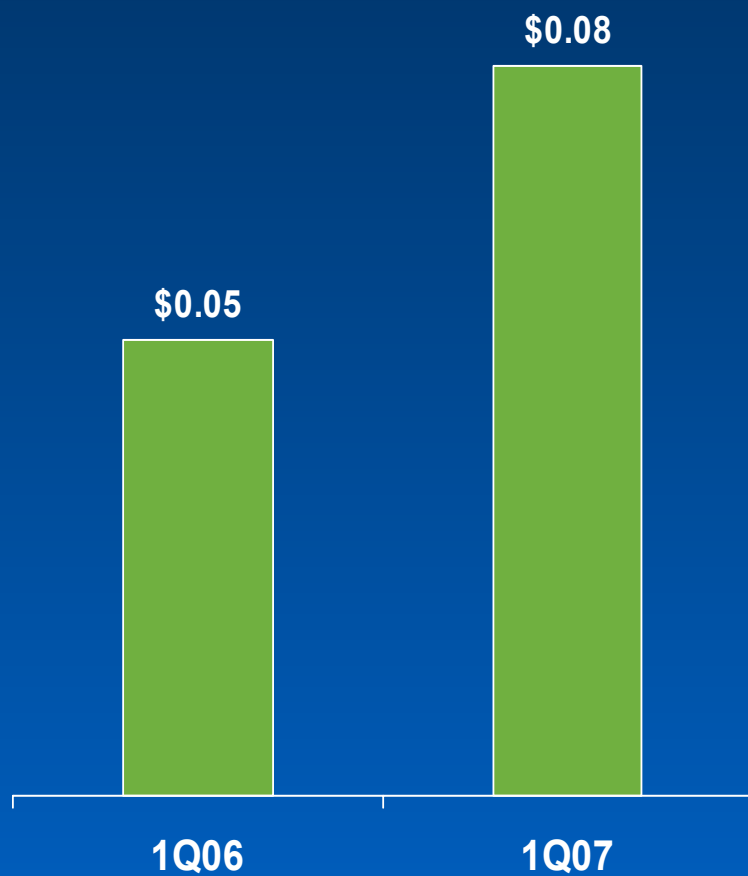


\$'s in Millions

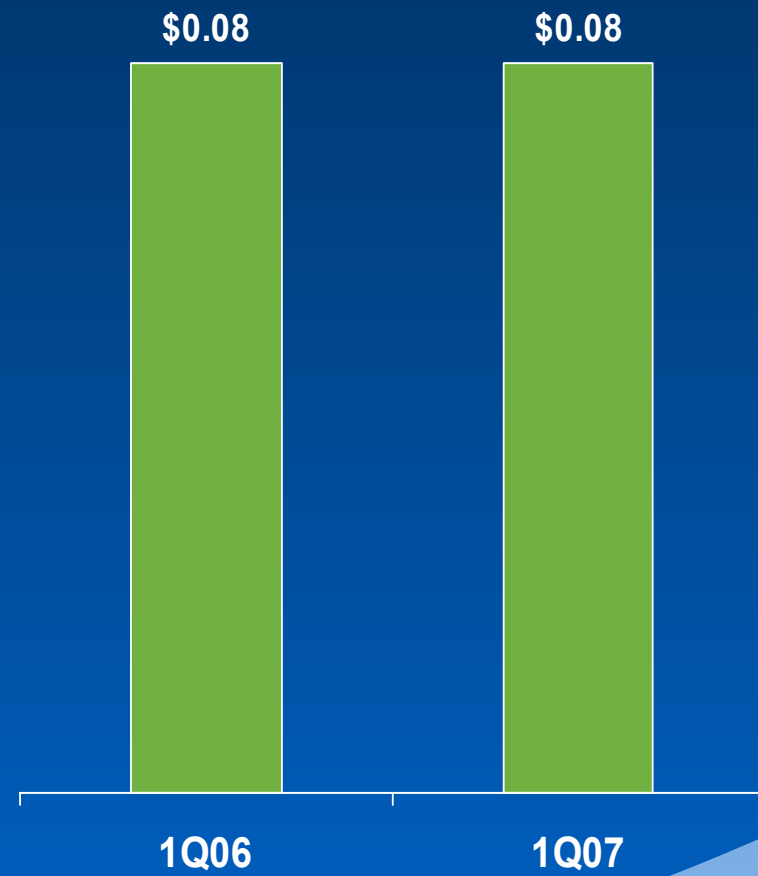
* May not foot due to rounding

- Wireless margin expanded 6 points y/y
- Technology Solutions EBITDA increased 23%
- Broadband reversal of legacy liability
- Wireline consumer ILEC line loss and increased enterprise sales costs

Earnings per Share Growth



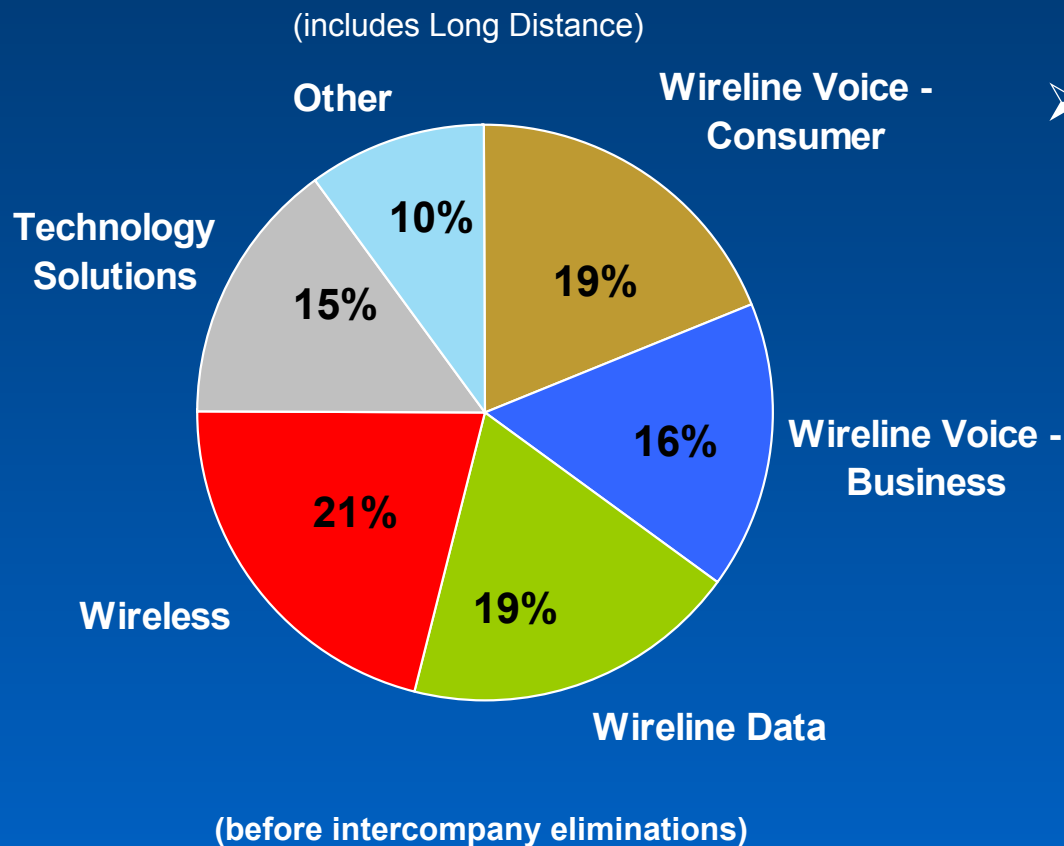
(per GAAP)



(Excludes special items)

1Q06 included a \$6M special item (\$4M after-tax) related to settlement of a shareholder claim and a \$4M state income tax write-off

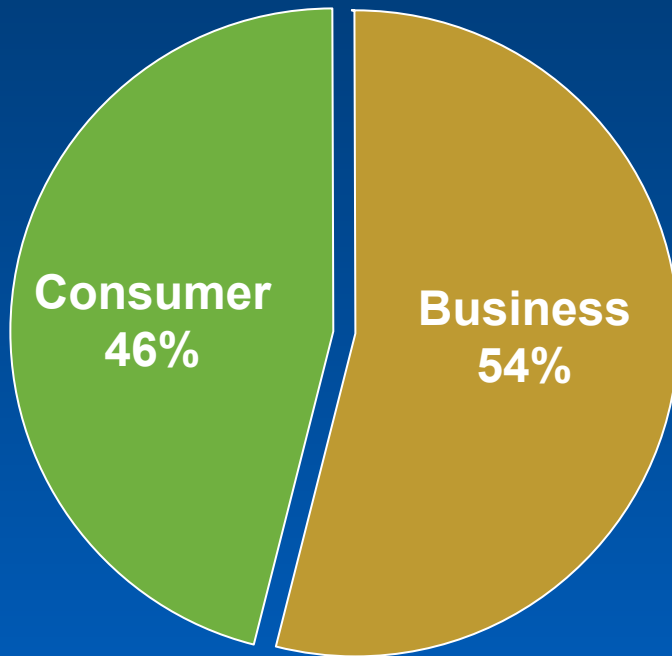
Continued Diversification of Revenue Base



- Majority of total revenue derived from sources other than traditional consumer wireline voice
 - 81% vs 78% in 1Q06

1Q07 Revenue by Market

...Increasing business % of total



(before intercompany eliminations)

- Revenue growth from business customers
 - 54% vs 53% 1Q06
- Business y/y revenue growth of 9%

Technology Solutions

... Our investment in this business

- Returns are attractive and contracts can be extended
 - Targeting 20%+ return on capital
 - Larger contracts can be up to 10 years in length

- 1Q07 \$12M capital expenditure on future data center expansion

- Selected as the data center provider by both prospective and existing customers
 - Contract negotiations underway
 - Space under consideration approximates total space under construction

Summary

Grow

Data center and enterprise revenues
Wireless and wireline interoperability

De-lever

Transfer value to Shareholders
Generate free cash flow

Defend

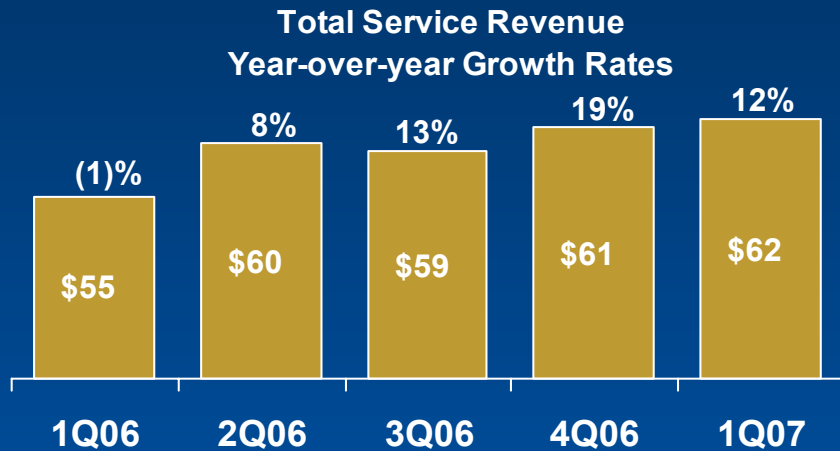
Manage consumer wireline loss

Operational Overview

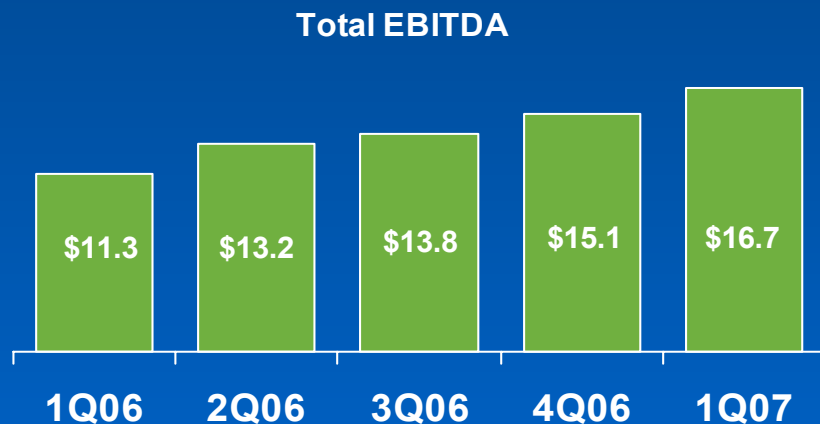
Rod Dir

Chief Operating Officer

Wireless Revenue and EBITDA



- Double Digit growth in both revenue and EBITDA
- Service Revenue up 12% from 1Q06, increasing almost \$1M from 4Q06

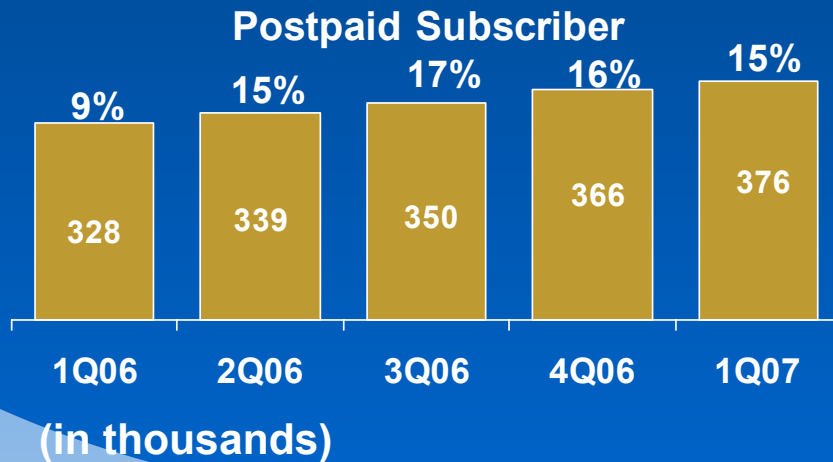


- 6 point EBITDA margin improvement vs. 1Q06

\$'s in Millions

Postpaid Wireless Growth

Postpaid Service Revenue



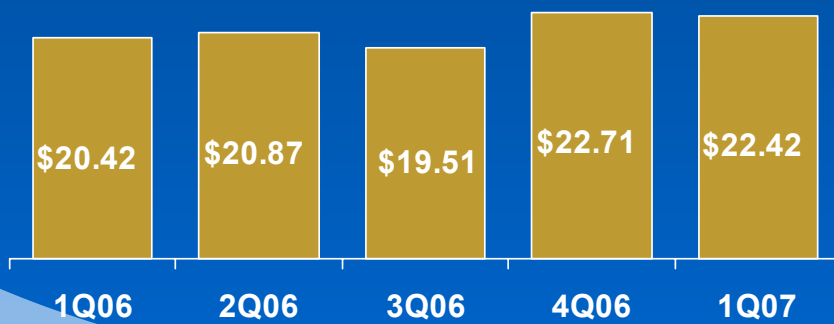
- Four consecutive quarters of 15%+ y/y subscriber growth driving 15% postpaid service revenue increase
 - 10k+ net add growth in four consecutive quarters
- 1.4% churn
 - even with 1Q06
 - slight improvement over 4Q06
- \$44.75 ARPU
 - 8% y/y data ARPU growth
 - 47% data attach rate on activation

Prepaid Wireless

Prepaid Service Revenue

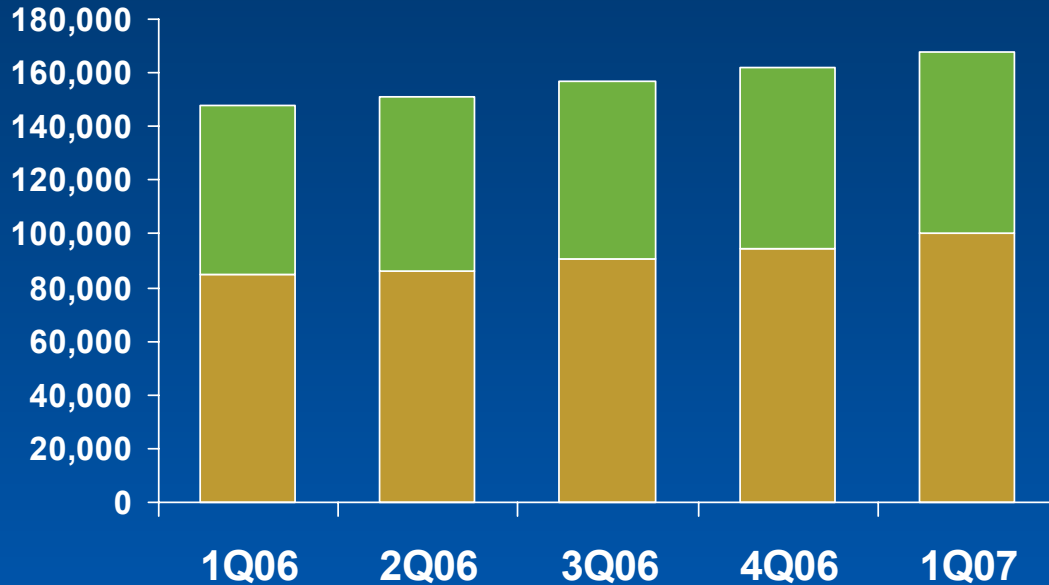


Prepaid ARPU



- Strong seasonal 13k 1Q07 net activations
- Quarterly prepaid ARPU up 10% year-over-year
- New rate plans are driving ARPU and service revenue growth

Super Bundle



Pick 2 **Pick 3**

Pick 2 = 2 of Local & LD, DSL, and Wireless

Pick 3 = All 3 Local & LD, DSL, and Wireless

All services invoiced on one bill

- 34% of ILEC Households in Bundle
- Churn significantly reduced within the bundle for all products
- Drives DSL and Wireless subscriber growth
- Revenue per household up 10% from 1Q06 to \$89

DSL Subscribers and Penetration

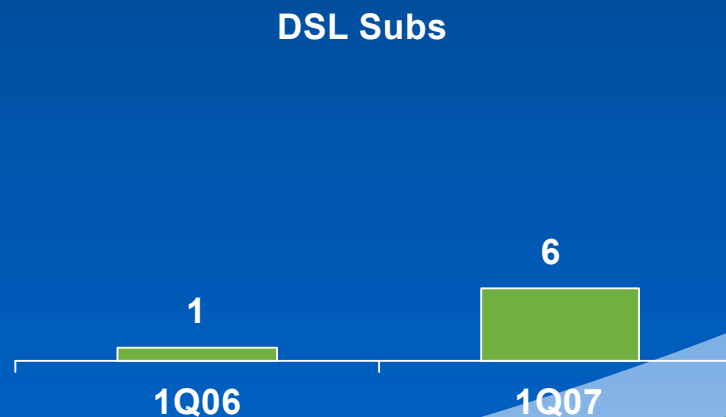
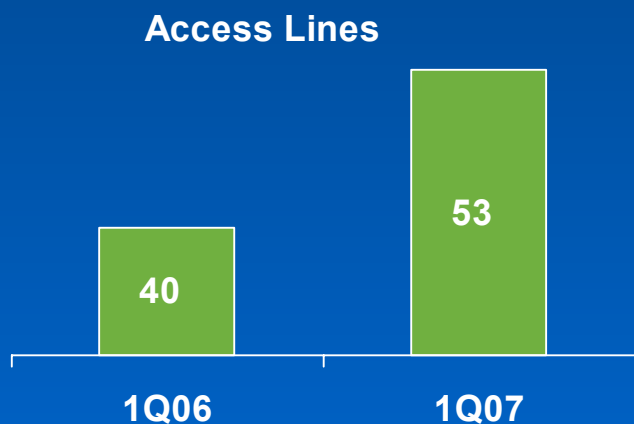


DSL Penetration
% of In-Territory Consumer Primary Lines

1Q06	2Q06	3Q06	4Q06	1Q07
28%	29%	32%	34%	36%

- Over 1/3rd of in-territory consumer primary lines subscribe to DSL
- Subscriber base surpassed 200,000
- Out-of-territory penetration of consumer primary lines grew y/y from 4% to 18%
- Churn remains below 2%
- Making in-roads in non-traditional markets

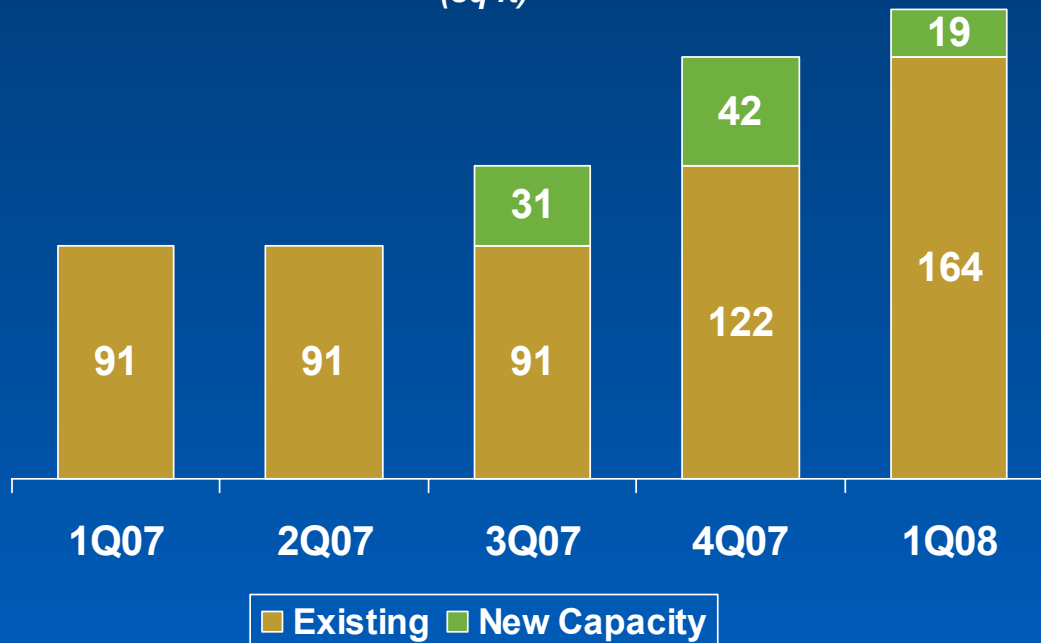
\$2M CLEC growth offsetting \$1M ILEC decline



Units in thousands

Data Center Build Out Update

Estimated Capacity Growth
(sq ft)



(in thousands)
by qtr end

- Utilized capacity as of 1Q07 equaled 95%
- All construction is Tier III
 - Had planned 10k Tier II
 - +5k to 4Q06 estimate
- Additional capacity starts to become available in the 3rd quarter
 - 8-12 months build time-frame

Financial Overview

Brian Ross

Chief Financial Officer

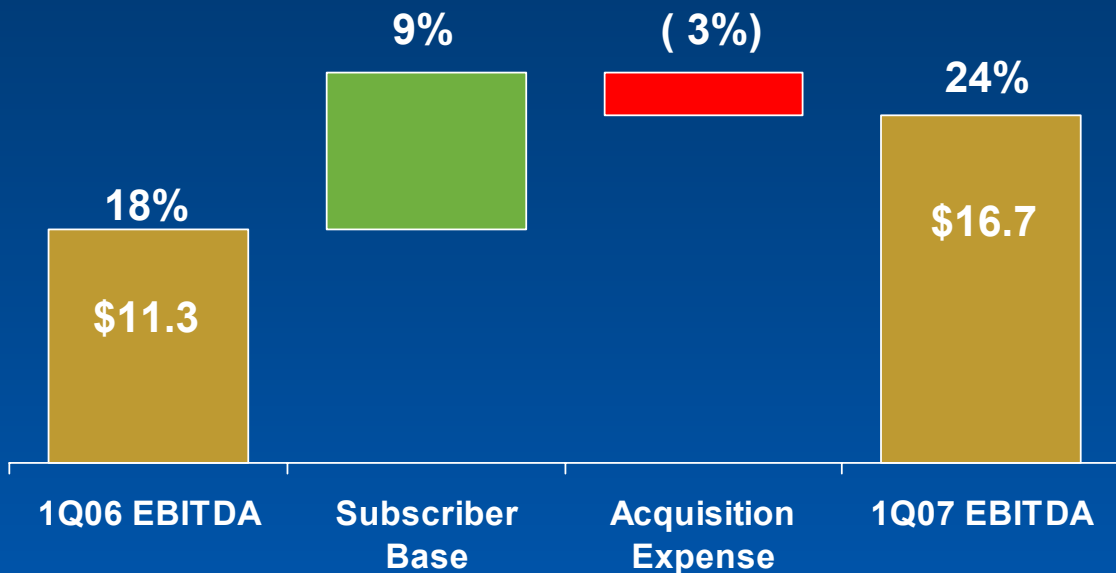
Segment Financials

	Revenue		EBITDA	
	<u>1Q07</u>	<u>y/y Growth</u>	<u>1Q07</u>	<u>y/y Growth</u>
Local	\$187	1%	\$94	-2%
Wireless	\$69	11%	\$17	48%
Technology Solutions	\$49	25%	\$4	23%
Other/Broadband	\$20	4%	\$7	9%

\$'s in Millions

Excludes corporate and eliminations

2007 Wireless Margin Expansion



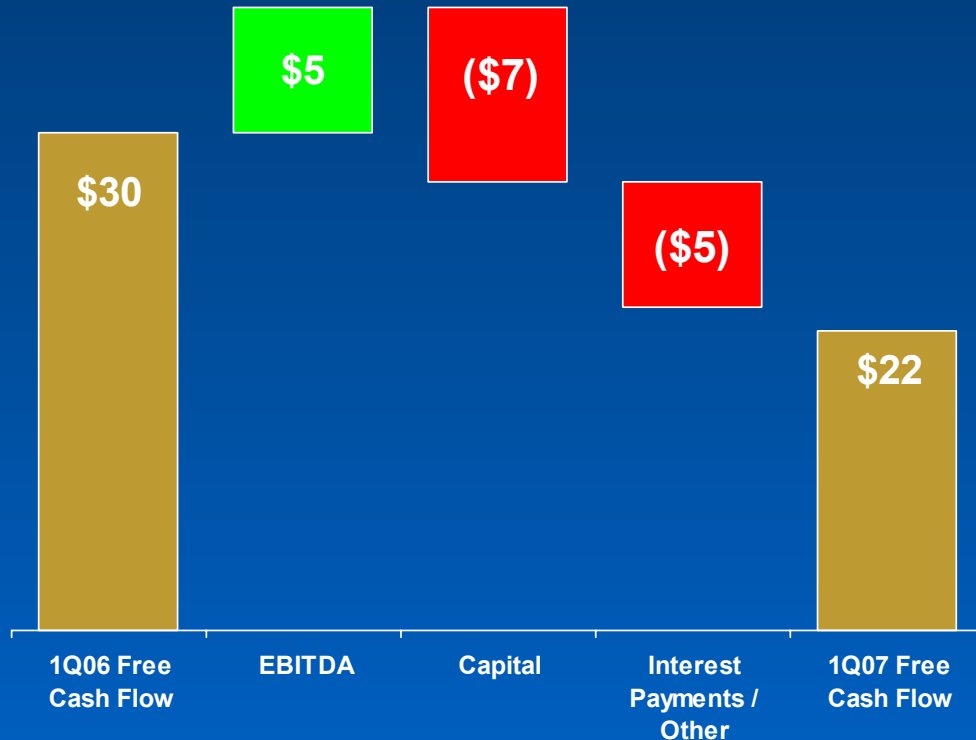
\$'s in Millions

- 24% EBITDA margin
 - 6 point margin improvement versus 1Q06
- Expanding service revenue, leveraging network and supply chain efficiencies
- 19% increase in prepaid gross activations and increased sales and advertising costs

* May not foot due to rounding

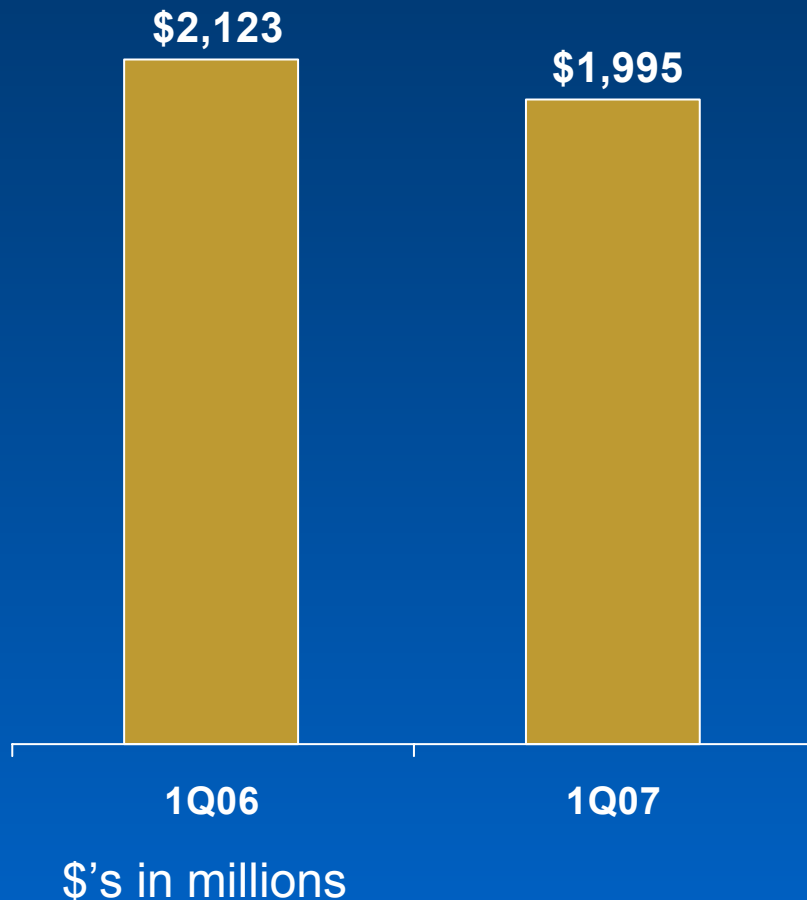
Free Cash Flow Strong In Spite of Capex Increase

(\$ in Millions)



- Earnings growth offset by increased capital and interest payment
- +\$12M data center capex partially offset by lower local and wireless
- Interest payment up \$4M on timing of bank credit facility payments

Net Debt Crosses \$2B Mark



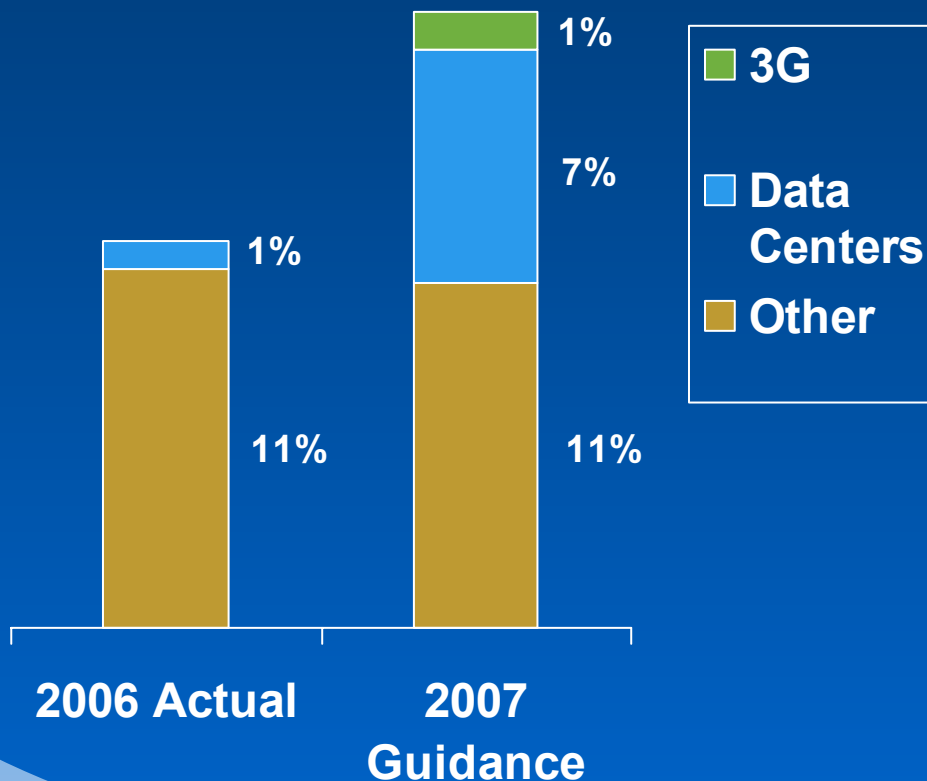
- Continue to reduce debt with free cash flow
 - Partially offset by cable asset purchase and data center building lease
- Optimizing debt with A/R financing
 - On balance sheet treatment
 - No increase in debt or decrease in A/R
 - 1% annual estimated interest rate savings on up to \$80M debt

Guidance

	Actual 2006	Guidance 2007
Revenue	\$1.3 B	\$1.3B
EBITDA	\$458M	\$465M
Capital data center/3G	12% of revenue 1% of revenue	19% of revenue 8% of revenue
Free Cash Flow	\$148M	\$ 50M

Capital Spending Guidance

Capital as a % of Revenue



- Growth areas driving capital to 19% of revenue
- 3G launch moved to 3Q08
 - 3G handsets not available until 4Q07
- 2007 capital guidance unchanged - 19% of revenue
 - \$10-15M 3G delayed to 2008
 - \$10-15M data center accelerated into 2007

Non-GAAP Reconciliations
(please refer to the Earnings Financials)