FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999

OR

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

For the transition period from _______ to _______

Commission file number 1-8519

CINCINNATI BELL INC.
DBA
BROADWING INC.

An Ohio Corporation	I.R.S. Employer No. 31-1056105

201 East Fourth Street, Cincinnati, Ohio 45202
Telephone Number 513 397-9900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares (par value $0.01 per share)	New York Stock Exchange
Preferred Share Purchase Rights	Cincinnati Stock Exchange
6.75% Preferred Shares	New York Stock Exchange
7.25% Preferred Shares	New York Stock Exchange

Securities requested pursuant to Section 12(g) of the Act: None

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

At February 25, 2000, there were 202,550,808 Common Shares outstanding.

At February 25, 2000, the aggregate market value of the voting shares owned by non-affiliates was $5,880,482,640.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the registrant's definitive proxy statement dated March 17, 2000 issued in connection with the annual meeting of shareholders (Part III)

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This report contains trademarks, service marks and registered marks of the Company and its subsidiaries, as indicated.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 SAFE HARBOR CAUTIONARY STATEMENT

Form 10-K contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on current expectations, estimates and projections. Statements that are not historical facts, including statements about the beliefs and expectations of the Company and its subsidiaries, are forward-looking statements. These statements involve potential risks and uncertainties; therefore, actual results may differ materially. 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. The Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Important factors that may affect these expectations include, but are not limited to: changes in the overall economy; changes in competition in markets in which the Company and its subsidiaries operate; advances in telecommunications technology; the ability of the Company to generate sufficient cash flow to fund its business plan and expand its fiber-optic network; changes in the telecommunications regulatory environment; changes in the demand for the services and products of the Company and its subsidiaries; the ability of the Company and its subsidiaries to introduce new service and product offerings in a timely and cost effective basis; and integration of the Company's new Broadwing Communications subsidiary.

Part I

ITEM 1. BUSINESS

GENERAL

As a result of its merger with IXC Communications Inc., Cincinnati Bell Inc., an Ohio corporation, announced it would begin doing business as Broadwing Inc. ("the Company") on November 15, 1999.

The Company is a diversified telecommunications services holding company. The Company's segments are strategic business units that offer distinct products and services to targeted market segments of customers.

The Local Communications segment provides local service, network access, data networking, Internet-based services, sales of communications equipment, local toll, and other ancillary telecommunications services through its Cincinnati Bell Telephone ("CBT") and ZoomTown.com ("ZT") subsidiaries. These two subsidiaries function as a fully integrated wireline communications provider.

The Broadband segment utilizes an advanced fiber-optic network to provide data transport, Internet, private line, switched access and other services. Additionally, network capacity is leased (in the form of indefeasible right-to-use agreements) to other telecommunications providers and to Internet service providers.

The Wireless segment comprises the operations of Cincinnati Bell Wireless LLC (an 80%-owned venture with AT&T Wireless PCS, Inc.), which provides advanced digital personal communications services to customers in its Cincinnati and Dayton, Ohio operating areas.

The Directory segment comprises the operations of Cincinnati Bell Directory, which publishes Yellow Pages directories and sells directory advertising and informational services in Cincinnati Bell Telephone's franchise area. These services are available to the customer in the form of traditional printed directories, an Internet-based service known as "Cincinnati Exchange," and on CD-Rom.

Other Communications combines the Cincinnati Bell Long Distance (CBLD) (also doing business as Cincinnati Any Distance), Cincinnati Bell Supply (CBS), and Broadwing IT Consulting segments. CBLD resells long distance, voice, data, frame relay, and Internet access services to small- and medium-sized business and residential customers in a six-state area of the midwest. CBS sells new computers and resells telecommunications equipment. Broadwing IT Consulting provides network integration and consulting services as well as the sale of related equipment.

The Company is incorporated under the laws of Ohio and has its principal executive offices at 201 East Fourth Street, Cincinnati, Ohio 45202 (telephone number (513) 397-9900).

STRATEGY

The Company believes that its reputation for service quality, well-regarded brand name, telecommunications industry knowledge and focus, and marketing and provisioning expertise can be successfully transferred to a national audience via its newly acquired, nationwide fiber-optic network and Internet backbone. Additionally, the Company seeks to expand on its existing capabilities by partnering with targeted industry leaders with different capabilities such as Cisco Systems, PSINet, ZeroPlus.com, Corvis, Lucent Technologies and AT&T.

By leveraging these competitive strengths, the Company believes that it can increase the market penetration of its existing services, effectively market new services, establish and deliver its data network solutions and wireless capabilities, and capture the full benefit of its strategic relationships.

The Company is focusing its efforts on several key initiatives:

- use its advanced telecommunications network consisting of more than 18,000 total fiber route miles to facilitate the widespread deployment of high-speed data transport services,

- stimulate and service the demand for wireless communications services,

- maintain market share in voice communications,

- create unique product-bundling solutions from the products and services of its subsidiaries.

LOCAL COMMUNICATIONS

Local Communications services are provided by the Company's Cincinnati Bell Telephone (CBT) and ZoomTown.com subsidiaries. CBT's product and service offerings are generally classified into three major categories: local service, network access, and other services. Revenues from this segment were 66%, 81% and 80%, respectively, of consolidated Company revenues for 1999, 1998 and 1997.

CBT provides telecommunications services to business and residential customers in the Cincinnati metropolitan market area. This market is about 2,400 square miles located approximately within a 25-mile radius of Cincinnati and it includes all or significant parts of four counties of southwestern Ohio, six counties in northern Kentucky and two counties in southeastern Indiana. Approximately 98% of Cincinnati Bell Telephone's network access lines are in one local access transport area.

Local service revenues are primarily from end-user charges for use of the public switched telephone network and for value-added services and custom-calling features. These services are provided to business and residential customers and represented 57% of CBT's total revenues for 1999. Network access revenues accounted for 25% of CBT's 1999 revenues and are from interexchange carriers for access to CBT's local communications network and from business customers for customized access arrangements. Other services represent the remaining 18% of CBT's 1999 revenues and are for the sale of telecommunications equipment, Internet access, sales and installation of communications equipment, commissions from sales agency agreements and other ancillary services.

CBT has successfully leveraged its embedded network investment to provide value-added services and unique product bundling packages, resulting in additional revenue with minimal incremental costs. CBT's plant, equipment and network are modern and capable of handling new service offerings as they are developed. Of its network access lines, 97% are served by digital switches, 100% have ISDN capability and 100% have Signaling System 7 capability, which supports enhanced features such as Caller ID, Call Trace and Call Return. The network also includes more than 2,800 route miles of fiber-optic cable, with nine rings of cable equipped with SONET technology linking Cincinnati's downtown and other major business centers. These SONET rings offer increased reliability and redundancy to CBT's major business customers. CBT's capital investment has been held relatively constant in recent years, normally ranging between $130 million and $150 million per year. However, the Company's desire to facilitate widespread deployment of its high-speed digital subscriber line service (Zoomtown) and equip its entire network for these types of high-speed data transport services has required, and will continue to require, additional capital investment.

In order to maintain its network, CBT relies on readily available supplies from a variety of external vendors. Since the majority of CBT's revenues result from use of the public switched telephone network, its operations follow no particular seasonal pattern. CBT's franchise area is granted under regulatory authority, and is subject to increasing competition from a variety of competitors. CBT is not aware of any regulatory initiative that would restrict the franchise area in which it is able

to operate. A significant portion of its revenues are derived from pricing plans that require regulatory overview and approval. In recent years, these pricing plans have resulted in decreasing or fixed rates for some services, offset by price increases and more flexibility for other services. As of December 31, 1999, 42 companies were certified to offer telecommunications services in CBT's local franchise area and have sought interconnection agreements with CBT (13 of which are still in negotiations). CBT seeks to maintain competitive advantage over these carriers through its service quality, technologically equivalent or superior network, innovative products and services, creative bundling ideas for product and customer billing, and value pricing. CBT continues to report net gains in access lines in spite of this increased level of competition.

CBT had approximately 1,055,000 network access lines in service on December 31, 1999, an increase of 2.1% or 22,000 lines from December 31, 1998. Approximately 68% of CBT's network access lines serve residential customers and 32% serve business customers. In addition, voice-grade equivalents, a measure used to express the sale of higher-bandwidth services, increased 34% and 40% in 1999 and 1998, respectively.

BROADBAND

The Broadband segment was created as a result of the Company's merger with IXC Communications, Inc. (IXC) on November 9, 1999, and reflects the operations of Broadwing Communications Inc. (formerly IXC) from that date forward. Broadband revenues constituted only 8.8% of consolidated Company revenues in 1999, which does not fully reflect this segment's importance to the Company's future operations.

Broadwing Communications Inc. is a nationwide provider of data and voice communications services. These services are provided over approximately 16,000 route miles of fiber optic transmission facilities. Revenues for the Broadband segment come chiefly from its private line and switched services, categories constituting 46.3% and 48.9%, respectively, of Broadband segment revenues in the post-merger period.

Private line services provided by this segment represent the long-haul transmission of voice, data and Internet traffic over dedicated circuits, and are provided under bulk contracts with customers. Additionally, the private-line category includes revenues resulting from indefeasible right-to-use ("IRU") agreements. IRU agreements typically cover a fixed period of time and represent the lease of network fibers. The Company currently maintains enough network capacity and believes that the sale of IRU agreements has no negative impact on its ability to carry traffic for its retail customers. IRU agreements are standard practice among Broadwing Communication's competitors.

Switched services represent billed minutes per use for long distance services and consist of sales to both retail and wholesale customers. The Company currently believes that the best opportunity for switched services margin improvement lies with its retail customers. Accordingly, the Company is de-emphasizing the sale of switched services to wholesale customers. In the post-merger period, revenues from wholesale customers represented 42% of switched services revenue, a significantly smaller percentage than reported for the comparable 1998 period.

Data and Internet services represent the sale of high-speed data transport services such as frame relay, Internet access, and Internet-based services such as Web hosting to retail customers. In the post-merger period, these revenues constituted a relatively small 4.8% of Broadband segment revenues. However, the Company envisions a growing market for these types of services and it expects that the Data and Internet category will provide a greater share of Broadband segment revenues in the future.

The centerpiece of the Broadband segment is its next-generation, fiber-optic network. This network is not yet fully constructed, and will require significant expenditures to complete and to maintain. The construction of this network relies on a supply of readily-available materials and supplies from an established group of vendors. Construction of the network also relies on the ability to secure and retain land and rights-of-way for the location of network facilities, and the Company may incur significant future expenditures in order to remove these facilities upon expiration of these rights-of-way agreements.

Since revenues from this segment are conditioned primarily on telephone usage and the ratable recognition of contract revenues, its operations follow no particular seasonal pattern. However, this segment does receive a significant portion of its revenues from a relatively small group of interexchange carriers that are capable of constructing their own network facilities.

In order to satisfy the contractual commitments that Broadwing has entered into with respect to IRU agreements, approximately 1,700 fiber route miles must still be constructed at an estimated cost of $82 million.

Prices and rates for this segment's services offerings are primarily established through contractual agreements. Accordingly, they are influenced by marketplace conditions such as the number of competitors, availability of comparable service offerings, and the amount of fiber network capacity available from these competitors. Broadwing faces significant competition from other fiber-based telecommunications companies such as Level 3 Communications, Qwest Communications International, Global Crossings and Williams Communications. These companies have similarly equipped fiber networks, are well-financed, and have enjoyed certain competitive advantages over Broadwing Communications in the past. Broadwing Communications is confident that it is able to match these competitors on the basis of technology and is currently pursuing dramatic improvement with regard to critical processes, systems, and the execution of its business strategy.

WIRELESS

The Wireless Segment comprises the operations of Cincinnati Bell Wireless LLC, an 80%-owned venture with AT&T PCS, Inc. The Company acquired its 80% ownership interest from AT&T PCS on December 31, 1998.

Revenues for the Wireless segment arise primarily from two sources: provision of wireless communications services to its subscribers and the sale of handsets and associated equipment and accessories. In 1999, approximately 88% of revenues for the segment were from services and the remaining 12% were from equipment sales and other. The Wireless segment as a whole contributed 8.1% of current year consolidated Company revenues and also supplied more than 37% of the growth in consolidated revenues versus the prior year.

Service revenues are generated through subscriber use of the Company's wireless communications network. This network is maintained by the Company with respect to the Greater Cincinnati and Dayton, Ohio operating areas with wireless calls beyond these areas being terminated on AT&T PCS' national wireless network. Service revenues are generated through a variety of rate plans, which typically include a fixed number of minutes for a flat monthly rate, with additional minutes being charged at a per-minute-of-use rate. Additional revenues are generated by this segment when subscribers of other wireless providers initiate wireless calls using their own handsets on the Company's network. However, significant expenses are also incurred by this segment as its own wireless subscribers use their handsets in the operating territory of other wireless providers.

Nearly all service revenues are primarily generated on a post-paid basis, in that subscribers pay in arrears, based on usage. In October 1999, the Company introduced a new prepaid wireless service known as i-Wireless-SM-. This service is targeted primarily at youth and allows for the purchase of a specific number of minutes, in advance, at a fixed price. Since this service leverages the Company's existing network and requires no billing capabilities, it does not require significant incremental capital investment.

Sales of handsets and associated equipment take place primarily at the Company's retail locations, which consist of store locations and kiosks in high-traffic shopping malls and commercial buildings in the Cincinnati and

Dayton, Ohio areas. The Company sells handsets and equipment from a variety of vendors; the Nokia brand is most popular with its customers. The Company maintains a supply of equipment and does not envision any shortages that would compromise its ability to add new customers. Unlike service revenues (which are a function of wireless handset usage), some degree of seasonality is experienced with respect to sales of equipment. Reasons for this phenomenon are two-fold: (1) handsets and equipment are often given as gifts during holiday seasons, and (2) the Company focuses a considerable amount of its marketing and promotional efforts towards these seasons. In order to attract customers, handsets are typically subsidized by the Company, i.e., sold for less than direct costs. This is a typical practice in the wireless industry.

The Wireless segment offers its services over a digital wireless network using Time Division Multiple Access (TDMA) technology. The Company believes that TDMA technology is sufficiently robust to meet the existing needs of its customers and to enable it to introduce new products and services as part of its business plan. As previously mentioned, this segment is reliant on AT&T PCS' national network for calls outside of its Greater Cincinnati and Dayton, Ohio operating areas. The Company believes that AT&T PCS will maintain its national digital wireless network in a form and manner that will allow Cincinnati Bell Wireless to attract and retain customers.

Rates and prices for this segment are determined as a function of marketplace conditions. As such, rates can and will be influenced by the pricing plans of as many as six active wireless service competitors. As evidenced by its record of attracting and retaining customers since its entry into the wireless business in 1998, the Company believes that its combination of technology, pricing and customer service enable it to succeed in its current operating environment. The Wireless segment has both consumer and business customers and does not believe that the loss of any one customer or small group of customers would have a material impact on its operations.

Given that this venture is jointly owned with AT&T PCS, net income or losses generated by this segment are shared between Cincinnati Bell Wireless and AT&T PCS in accordance with respective ownership percentages. As a result, 19.9% of the adjusted net income or loss for this segment is reflected as minority interest income or loss in the Company's Consolidated Statements of Income and Comprehensive Income (Loss).

DIRECTORY

The Directory segment is comprised of the operations of Cincinnati Bell Directory, which publishes Yellow Pages directories and sells directory advertising and informational services in Cincinnati Bell Telephone's franchise area. These services are available to more than 1.2 million residential and business customers in the form of traditional printed directories, an Internet-based service known as "Cincinnati Exchange," and on CD-Rom.

The majority of the revenues for this segment come from publishing, and it is the Company's practice to recognize revenues, and associated direct expenses over the lifespan of the respective publications (generally twelve months). Revenues for this segment constituted 7%, 8% and 9%, respectively, of consolidated Company revenues for 1999, 1998 and 1997. Primary expenses of this segment are sales commissions paid to sales agents and printing costs associated with its directory publications.

OTHER COMMUNICATIONS

Other Communications combines the operations of the Cincinnati Bell Long

Distance, Cincinnati Bell Supply, and Broadwing IT Consulting segments. Revenues for this segment constituted 12% of consolidated Company revenues for 1999 and each of the preceding two years.

Cincinnati Bell Long Distance Inc. (CBLD)

CBLD is an integrated communications provider that resells long distance telecommunications services and products as well as voice mail and paging services mainly in Ohio, Indiana, Michigan, Kentucky and Pennsylvania. CBLD is licensed, however, as a long distance provider in every state except Alaska. Its principal market focus is small-and medium-sized business and residential customers. CBLD augments its high-quality long-distance services with calling plans, network features and enhanced calling services to create customized packages of communications services for its clients. CBLD has added new data communications services for business customers, including high-speed dedicated and dial-up Internet access services and other high-speed data transport using frame relay technology. The operations of CBLD were integrated into Broadwing Communications in January 2000. Also in January 2000 CBLD started doing business as Cincinnati Bell Any Distance.

Cincinnati Bell Supply Company (CBS)

CBS markets telecommunications and computer equipment. Its principal market is the secondary market for refurbished telecommunications systems, including AT&T and Lucent branded systems. CBS's competitors include vendors of new and used computer and communications equipment operating regionally and across the nation. The Company is finalizing plans to sell or exit this business in 2000 as it does not fit the Company's long-term strategic plan.

Broadwing IT Consulting

Broadwing IT Consulting provides network integration and consulting services as well as the sale of related equipment. Its principal market is small- to medium-sized businesses. Competitors include Intranet hardware vendors, wiring vendors and other network integration and consulting businesses. The operations of Broadwing IT Consulting were integrated into Broadwing Communications in January 2000.

RISK FACTORS

INCREASED COMPETITION COULD COMPROMISE CBT'S PROFITABILITY AND CASH FLOW

LOCAL

With regard to local markets, CBT continues to be the predominate provider of voice and data communications in the Greater Cincinnati and Northern Kentucky areas. This business is becoming increasingly competitive. CBT offers modern telecommunications services (such as its ZoomTown-SM- high-speed Asynchronous Digital Subscriber Line (ADSL) service and its FUSE-Registered Trademark- Internet access services) to its local customers, but faces competition from cable modem and Internet access providers. The Company believes CBT will face greater competition as more competitors surface and focus additional resources on the Greater Cincinnati and Northern Kentucky metropolitan areas.

With the exception of Broadwing Communications (discussed below under "National"), the Company's other subsidiaries operate in a largely local or regional area, and each of these subsidiaries face significant competition. CBD's competitors are directory services companies, newspapers and other media advertising services providers in the Cincinnati metropolitan market area. CBD now competes with its former sales representative for Yellow Pages directory customers; such competition may affect CBD's ability to grow or maintain profits and revenues. CBLD's competitors include interexchange carriers and certain local telecommunications services companies. CBS's competitors include vendors of new and used communications and computer equipment, operating regionally and across the nation. Cincinnati Bell Wireless, LLC is one of six active wireless service providers in the Cincinnati and Dayton metropolitan market areas, most of which are nationally known and well financed. Broadwing IT Consulting provides network integration and consulting services and competes with a variety of Intranet hardware vendors, wiring vendors and other integration and consulting businesses.

The Company's inability to succeed against these competitors would compromise its profitability and cash flow. This would result in increased reliance on borrowed funds and could affect its ability to continue expansion of its national fiber-optic and regional wireless networks.

NATIONAL

The addition of the Broadwing Communications subsidiary presents the Company with significant opportunities to reach a nationwide customer base and provide new services to local customers. However, the Company's success in this regard will depend on its ability to meet customers' price, quality and customer service expectations. With entry into this national market, the Company now faces competition from well-managed and well-financed companies such as Level 3 Communications, Qwest Communications International, Global Crossings, and Williams Communications. As with competition in the local arena, the Company's failure against these competitors could compromise its ability to continue construction of its network, which could have a material adverse effect on its business, financial condition and results of operations.

Competition from other national providers could also have another effect on the Company. The current and planned fiber network capacity of these and other competitors could result in decreasing prices even as the demand for high-bandwidth services increases. Most of these competitors have announced plans to expand, or are currently in the process of expanding, their networks. Increased network capacity and traffic optimization could place downward pressure on prices, thereby making it difficult for the Company to maintain profit margins.

INSUFFICIENCY OF CASH FLOW FOR PLANNED INVESTING AND FINANCING ACTIVITIES WILL RESULT IN A SUBSTANTIAL AMOUNT OF INDEBTEDNESS

The Company's recent history of generating sufficient cash flow in order to provide for investing and financing needs has changed. Prior to 1998, the Company consisted largely of mature businesses that benefited from a local telephone franchise, an embedded customer base and relative freedom from competition.

The growth in demand for wireless, data and Internet-based communications, however, has made it necessary and prudent for the Company to diversify into these new businesses. Entering these businesses requires the Company to explore new markets in an attempt to reach new customers, and has resulted in substantial start-up costs, net operating losses and a drain on cash flow. The need to continue construction of the Company's fiber-optic network in support of these services will require a significant amount of additional funding, aggregating to approximately $1.8 billion over the next three years.

In order to provide for these cash requirements, the Company has obtained a $2.1 billion credit facility from a group of 24 banking and non-banking institutions. The Company anticipates that it will substantially increase its indebtedness in 2000 under this credit facility in order to provide for net operating losses, to fund its capital investment program, and to refinance existing debt.

The Company will not be able to provide for its anticipated growth without borrowing from this credit facility. The ability to borrow from this credit facility is predicated on the Company's ability to satisfy certain debt covenants that have been negotiated with lenders. Failure to satisfy these debt covenants could severely constrain the Company's ability to borrow from the credit facility without receiving a waiver from these lenders. If the Company were unable to continue the construction of its fiber-optic network, current and potential customers could be lost to competitors, which could have a material adverse effect on its business, financial condition and results of operations.

NETWORK EXPANSION IS DEPENDENT ON ACQUIRING AND MAINTAINING RIGHTS-OF-WAY AND PERMITS

The expansion of the Company's network also depends on acquiring rights-of-way and required permits from railroads, utilities and governmental authorities on satisfactory terms and conditions and on financing such expansion. In addition, after the network is completed and required rights and permits are obtained, the Company cannot guarantee that it will be able to maintain all of the existing rights and permits. If the Company were to fail to obtain rights and permits or were to lose a substantial number of rights and permits, it could have a material adverse effect on its business, financial condition and results of operations.

A SIGNIFICANT AMOUNT OF CAPITAL EXPENDITURES WILL BE REQUIRED TO FUND EXPANSION OF THE NETWORK

The Company is committed to the expansion of its nationwide fiber-optic network, the widespread deployment of high-speed data transport services in its local telephone franchise area and continued infrastructure development for its wireless business. These initiatives will require a considerable amount of funding.

The Company's annual capital expenditures for its local Telecommunications business ranged between $100 million and $160 million over the last four years. In 1999, growth of the wireless business and capital spending in the post-merger period more than doubled these amounts (to nearly $400 million in the current year). The Company's current plans call for more than $800 million in capital spending in 2000 in order to continue expansion of the fiber optic network. Heavy capital spending is also planned in subsequent years, with the Company planning to spend nearly $1 billion over the succeeding two-year period.

The Company believes that it is imperative to invest heavily in its network in order to offer leading-edge products and services to its customers. Failure to construct and maintain such a network would leave the Company vulnerable to customer loss to other fiber-optic network providers, and would cause slower than anticipated growth. This would have a material adverse effect on our business, financial condition and results of operations.

REGULATORY INITIATIVES MAY IMPACT THE COMPANY'S PROFITABILITY

The Company's most profitable subsidiary, CBT, is subject to regulatory oversight of varying degrees at both the state and federal level. Regulatory initiatives that would put CBT at a competitive disadvantage or mandate lower rates for its services could result in lower profitability and cash flow for the Company, thereby increasing its reliance on borrowed funds. This could potentially compromise the expansion of its national fiber-optic network and development of its wireless business.

A further discussion of specific regulatory matters pertaining to the Company and its operations is contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CAPITAL ADDITIONS

The capital additions of the Company are primarily for its fiber-optic transmission facilities, telephone plant in its local service area, and for development of the infrastructure for its wireless business. As a result of these expenditures, the Company expects to be able to introduce new products and services, respond to competitive challenges and increase its operating efficiency and productivity.

The following is a summary of capital additions for the years 1995 through 1999:

	Dollars in Millions				
	Local Telephone Operations	Fiber-Optic Transmission Facilities	Wireless Infrastructure	Other	Total Capital Additions
1999	$152.2	$165.0	$ 55.9	$ 8.3	$381.4
1998	$134.9	--	$2.2	$ 6.5	$143.6
1997	$140.0	--	--	$18.4	$158.4
1996	$101.4	--	--	$ 4.9	$106.3
1995	$ 90.3	--	--	$ 2.5	$ 92.8

The total investment in local telephone operations plant increased from approximately $1,447 million at December 31, 1994, to approximately $1,856 million at December 31, 1999, after giving effect to retirements but before deducting accumulated depreciation at either date.

Capital additions for 2000 are estimated to be approximately $800 million, excluding any acquisitions that may occur in 2000.

EMPLOYEES

At December 31, 1999, the Company and its subsidiaries had approximately 6,000 employees. CBT had approximately 2,000 employees covered under a collective bargaining agreement with the Communications Workers of America, which is affiliated with the AFL-CIO. The collective bargaining agreement expires in May 2002.

BUSINESS SEGMENT INFORMATION

The amounts of revenues, intersegment revenues, EBITDA, assets, capital additions, depreciation and amortization attributable to each of the business segments of the Company for the year ended December 31, 1999, are set forth in Note 15 of the Notes to Financial Statements contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 2. PROPERTIES

The property of the Company is principally composed of its nationwide fiber-optic transmission system, telephone plant in its local telephone franchise area, and the infrastructure associated with its wireless business in the Greater Cincinnati and Dayton, Ohio operating areas. As this investment is extensive and geographically dispersed, it does not lend itself to description by character and location of principal units. Each of the Company's subsidiaries maintains some investment in furniture and office equipment, computer equipment and associated operating system software, leasehold improvements and other assets. Facilities leased as part of an operating lease arrangement are expensed as incurred and are not included in the totals below.

With regard to its local telephone operations, substantially all of the central office switching stations are owned and situated on land owned by the Company. Some business and administrative offices are located in rented facilities, some of which are treated as capitalized leases and included in the "Furniture, fixtures, vehicles and other" caption below. Fiber-optic transmission facilities consist largely of fiber-optic cable, associated optronics and the land and rights-of-way necessary to place these facilities. The wireless infrastructure consists primarily of transmitters, receivers, towers, antennae and associated land and rights-of-way.

The gross investment in fiber-optic transmission facilities, telephone plant, wireless infrastructure and other property, in millions of dollars, at December 31, 1999 and 1998 was as follows:

	1999	1998
Land and rights of way	$ 155.9	$ 5.0
Buildings and leasehold improvements	428.3	164.0
Telephone plant	1,697.2	1,438.5
Transmission system	1,074.4	65.9
Furniture, fixtures, vehicles and other	225.7	187.4
Construction in process	232.0	12.4
Total	$3,813.5	$1,873.2

Properties of the Company are divided between operating segments as follows:

	1999	1998
Local Communications	48.7%	92.9%
Broadband	46.0%	--
Wireless	4.5%	5.8%
Other Communications	0.8%	1.3%
Total	100.0%	100.0%

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item is included in Note 19 of the Notes to Financial Statements that are contained in Item 8, "Financial Statements and Supplementary Data."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS

On October 29, 1999, the Company conducted a special meeting of its security holders in order to vote on the issuance of the Company's common stock to stockholders of IXC in the merger of IXC and a subsidiary of the Company. This was the only item submitted for a vote of security holders during this special meeting. The Company's shareholders approved the merger, with 82,156,679 common shares (87.04%) voting in favor of the merger, 12,238,220 common shares (12.04%) voting against the merger, and 1,417,918 common shares abstaining from the vote.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT (DURING 1999)

The names, ages and positions of the executive officers of the Company as of 12/31/99 are as follows:

Name	Age	Title
James D. Kiggen (a)	67	Chairman of the Board
Richard G. Ellenberger (a)(b)(d)	46	President and Chief Executive Officer
John T. LaMacchia (a)(b)(c)	57	President and Chief Executive Officer
Kevin W. Mooney	41	Executive Vice President and Chief Financial Officer
Thomas E. Taylor	53	General Counsel and Secretary
Richard S. Pontin	46	President and Chief Operating Officer of Broadwing Communications Inc.
John F. Cassidy	45	President, Cincinnati Bell Enterprises
Jack J. Mueller	43	President, Cincinnati Bell Telephone

(a) Member of the Board of Directors

(b) Member of the Executive Committee

(c) Effective February 28, 1999, Mr. LaMacchia resigned as President and Chief Executive Officer of the Company but continues to serve as a Director of the Company.

(d) Effective March 1, 1999, upon Mr. LaMacchia's resignation, Mr. Ellenberger became President and Chief Executive Officer of the Company.

Officers are elected annually but are removable at the discretion of the Board of Directors.

JAMES D. KIGGEN, Chairman of the Board of the Company since January 1, 1999; Chairman of the Board of Xtek, Inc., 1985-1999; Chief Executive Officer of Xtek, Inc., 1985-1998; President of Xtek, Inc., 1985-1995. Director of Fifth Third Bancorp and its subsidiary, Fifth Third Bank, and The United States Playing Card Company.

RICHARD G. ELLENBERGER, President and Chief Executive Officer of the Company since March 1, 1999; Chief Operating Officer of the Company since September 1, 1998; President and Chief Executive Officer of CBT since June, 1997; Chief Executive Officer of XLConnect, 1996-1997; President, Business Services of MCI Telecommunications, 1995-1996; Senior Vice President, Worldwide Sales of MCI Telecommunications, 1994-1995; Senior Vice President, Branch Operations of MCI Telecommunications, 1993-1994; Vice President, Southeast Region of MCI Telecommunications, 1992-1993.

JOHN T. LAMACCHIA, President and Chief Executive Officer of CellNet Data Systems, Inc. since May 1999, President and Chief Executive Officer of the Company, 1993 - February 28, 1999; President and Chief Operating Officer of the Company, 1988-1993; Chairman of Cincinnati Bell Telephone, 1993 - 1999.

Director of The Kroger Company, Burlington Resources Inc. and CellNet Data Systems, Inc.

KEVIN W. MOONEY, Executive Vice President and Chief Financial Officer of the Company since September 1, 1998; Senior Vice President and Chief Financial Officer of CBT since January 1998; Vice President and Controller of the Company, September 1996 to January 1998; Vice President of Financial Planning and Analysis of the Company, January 1994 to September 1996; Director of Financial Planning and Analysis of the Company, 1990-1994.

THOMAS E. TAYLOR, General Counsel and Secretary of the Company since September 1998; Senior Vice President and General Counsel of Cincinnati Bell Telephone from August 1996 to present; Partner at law firm of Frost & Jacobs from July 1987 to August 1996.

RICHARD S. PONTIN, President and Chief Operating Officer of Broadwing Communications since November 1999; President and Chief Operating Officer of Cincinnati Bell Telephone, April 1999 to November 1999; Vice President, Engineering & Operations of Nextel Communications, 1997 to 1999; Vice President, National Accounts, MCI Communications, 1996; Vice President Data Services, MCI Communications, 1994-1996; Vice President, Global Alliances, MCI Communications, 1992-1994.

JOHN F. CASSIDY, President, Cincinnati Bell Enterprises since August, 1999; President of Cincinnati Bell Wireless since 1996; Senior Vice President, National Sales & Distribution of Rogers Cantel in Canada from 1992-1996.

JACK J. MUELLER, President of Cincinnati Bell Telephone since November 1999; General Manager of Cincinnati Bell Telephone's Residential and Business Markets February 1999-November 1999; President and CEO of Cincinnati Bell Directory 1996-1999; Vice President of Cincinnati Bell Directory 1990-1996.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS.

MARKET INFORMATION

The Company's common shares (symbol: BRW) are listed on the New York Stock Exchange and on the Cincinnati Stock Exchange. As of February 25, 2000, there were approximately 127,000 holders of record of the 202,550,808 outstanding common shares of the Company. The high and low sales prices* and dividends declared per common share** each quarter for the last two fiscal years are listed below:

Quarter		1st	2nd	3rd	4th
1999	HIGH	$ 23 7/16	$ 26 1/2	$ 26 1/2	$ 37 7/8
	LOW	$ 16 1/16	$ 19 5/8	$ 16 5/16	$ 18 3/4
	DIVIDEND DECLARED	$ .10	$ .10	$ --	$ --
1998	High	$ 14 11/16	$ 15 5/8	$ 13 9/16	$ 15 7/16
	Low	$ 12 9/16	$ 11 11/16	$ 9 7/16	$ 8 13/16
	Dividend Declared	$ .10	$ .10	$ .10	$ .10

Effective November 15, 1999, the ticker symbol for the Company's common shares changed to BRW from CSN.

* Prices adjusted to reflect distribution of shares of Convergys Corporation on December 31, 1998.

** Dividends discontinued after quarterly dividend declared on June 21, 1999.

DIVIDENDS

The Company discontinued its dividend payment on its common shares effective after the second quarter 1999 dividend payment in August 1999. The Company does not intend to pay dividends on its common shares in the foreseeable future. Furthermore, the Company's future ability to pay dividends is restricted by certain covenants and agreements pertaining to outstanding indebtedness. The Company is required to pay dividends on its 6 3/4% and 7 1/4% preferred shares, and is paying dividends in cash rather than shares of Broadwing Communications 12 1/2% preferred shares on February 15, 2000.

ITEM 6. SELECTED FINANCIAL DATA

Millions of dollars except per share amounts	1999	1998	1997	1996	1995
RESULTS OF OPERATIONS					
Revenues	$1,131.1	$ 885.1	$834.5	$779.8	$736.0
Costs and expenses, less depreciation and amortization	795.4	595.1	539.8	507.9	478.7
EBITDA (a)	335.7	290.0	294.7	271.9	257.3
Depreciation and amortization	181.0	111.1	124.3	121.0	116.3
Restructuring and other charges (credits) (b)	10.9	(1.1)	(21.0)	(29.7)	131.6
Operating income	143.8	180.0	191.4	180.6	9.4
Equity loss in unconsolidated entities	15.3	27.3	--	--	--
Minority interest and other income (expense)	4.5	(2.4)	(2.7)	0.5	(9.1)
Interest expense	61.7	24.2	30.1	27.9	45.4
Income (loss) before income taxes, extraordinary items and cumulative effect of change in accounting principle	71.3	126.1	158.6	153.2	(45.1)
Income taxes	33.3	44.3	56.3	53.7	(16.0)
Income (loss) from continuing operations	38.0	81.8	102.3	99.5	(29.1)
Income from discontinued operations, net of taxes (c)	--	69.1	91.3	85.5	3.8
Income (loss) before extraordinary items	38.0	150.9	193.6	185.0	(25.3)
Extraordinary items and cumulative effect of change in accounting principle (d)	(6.6)	(1.0)	(210.0)	--	(7.0)
Net income (loss)	31.4	149.9	(16.4)	185.0	(32.3)
Dividends and accretion applicable to preferred stock	2.1	--	--	--	--
Net income (loss) applicable to common shareholders	$29.3	$149.9	$(16.4)	$185.0	$(32.3)
Basic earnings (loss) per common share:					
Income (loss) from continuing operations	$ .25	$ .60	$ .76	$ .74	$ (.22)
Income from discontinued operations, net of taxes	--	.51	.67	.64	.03

Extraordinary items, net of taxes	(.05)	(.01)	(1.55)	--	(.05)
Income (loss)	$ .20	$ 1.10	$ (.12)	$ 1.38	$ (.24)
Diluted earnings (loss) per common share:					
Income (loss) from continuing operations	$ .24	$ .59	$ .74	$ .73	$ (.22)
Income from discontinued operations, net of taxes	--	.50	.67	.62	.03
Extraordinary items, net of taxes	(.04)	(.01)	(1.53)	--	(.05)
Income (loss)	$ .20	$ 1.08	$ (.12)	$ 1.35	$ (.24)
Dividends declared per common share	$ .20	$ .40	$ .40	$ .40	$ .40
Weighted average common shares (millions)					
Basic	144.3	136.0	135.2	133.9	132.0
Diluted	150.7	138.2	137.7	137.2	133.5
FINANCIAL POSITION					
Total assets (c) (d)	$ 6,508.6	$ 1,041.0	$ 1,275.1	$ 1,415.9	$ 1,363.8
Long-term debt	$ 2,136.0	$ 366.8	$ 268.0	$ 271.2	$ 370.0
Redeemable Preferred stock	$ 228.6	--	--	--	--
Total debt	$ 2,145.2	$ 553.0	$ 399.5	$ 409.0	$ 423.7
Common shareowners' equity (c) (d)	$ 2,132.8	$ 142.1	$ 579.7	$ 634.4	$ 478.1
Cash flow from continuing operations	$ 313.9	$ 212.3	$ 197.4	$ 132.0	$ 151.5

(a) EBITDA represents operating income before depreciation, amortization, and restructuring and related charges or credits. EBITDA does not represent cash flow for the periods presented and should not be considered as an alternative to net earnings (loss) as an indicator of the Company's operating performance or as an alternative to cash flows as a source of liquidity, and may not be comparable with EBITDA as defined by other companies.

(b) See Note 3 of Notes to Financial Statements.

(c) See Note 12 of Notes to Financial Statements.

(d) See Notes 13 and 5 of Notes to Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND RESULTS AND OPERATIONS

Broadwing Inc. (the Company) is a full-service provider of wireline and wireless telecommunications services that conducts its operations through the following reportable segments:

LOCAL COMMUNICATIONS -- The Company provides local service, network access, long distance, data and Internet, ADSL, transport, and payphone services, as well as sales of communications equipment to customers in southwestern Ohio, northern Kentucky and southeastern Indiana. Services are marketed and delivered via the Company's Cincinnati Bell Telephone (CBT) and ZoomTown.com (ZT) subsidiaries.

BROADBAND -- The Company utilizes its advanced fiber-optic network to provide data transport, Internet services, private line, switched access, and other services nationwide. This segment also leases network capacity in the form of indefeasable right-to-use agreements ("IRUs"). These services are offered through the Company's new subsidiary, Broadwing Communications, Inc. (formerly IXC Communications, Inc.).

WIRELESS -- The Wireless segment includes the Company's Cincinnati Bell Wireless subsidiary (an 80%-owned venture with AT&T Wireless PCS, Inc.) which provides advanced digital personal communications to customers in its Greater Cincinnati and Dayton, Ohio operating areas.

DIRECTORY -- The Company sells directory advertising and information services through printed directories and the Internet, primarily to business customers in its Local Communications segment service area. This segment's most identifiable product is the Yellow Pages directory produced by the Company's Cincinnati Bell Directory (CBD) subsidiary.

OTHER COMMUNICATIONS -- Other Communications combines several of the Company's other segments: Cincinnati Bell Long Distance (CBLD) , Cincinnati Bell Supply (CBS), and Broadwing IT Consulting. CBLD resells long distance, voice, data, frame relay, and Internet access services to small- and medium-sized business and residential customers throughout a six-state region of the midwest. CBS sells new computers and resells telecommunications equipment in the secondary market, and Broadwing IT Consulting provides network integration and consulting services.

This report and the related consolidated financial statements and accompanying notes contain certain forward-looking statements that involve potential risks and uncertainties. The Company's future results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to review or update these forward-looking statements or to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

CONSOLIDATED OVERVIEW

The Company is now a full-service, local and national provider of data and voice telecommunications services, and a regional provider of wireless communications services. Upon its November 9, 1999 merger with IXC Communications, Inc. (hereinafter referred to as "the Merger"), the Company acquired a high-speed fiber-optic network capable of providing private line, switched access, data, Internet-based, and other advanced communications services. This complements the strong service offerings that were provided on a local or regional basis (local service, long distance, data transport, Internet access and related communications equipment) primarily in the Cincinnati area. The national network has also contributed an important new source of revenue and cash flow to the Company: the sale of IRUs.

The Company seeks to provide world-class service on a national level by combining two sets of strengths: its well-regarded brand name and reputation for service in its regional franchise area and its newly acquired, nationwide fiber-optic network and Internet backbone. The Company further enhances these capabilities by partnering with targeted industry leaders such as Cisco Systems, PSINet, ZeroPlus.com, Lucent Technologies and AT&T.

RESULTS OF OPERATIONS

1999 COMPARED TO 1998

In 1999, the Company transformed itself from a provider of local communications services into a national provider of voice and data communications. The transition began in 1998 with the spin-off of Convergys Corporation, a former subsidiary that held the Company's information and customer management businesses, and was solidified with the acquisition of IXC and its high-speed, fiber optic network and national presence. The acquisition of an 80% interest in the wireless business from AT&T-PCS on December 31, 1998 also added significant growth to our local and regional service offerings.

The Merger and the acquisition of the wireless business from AT&T-PCS had a significant impact on 1999 operating results. Of the $246 million in additional revenues in 1999, more than 77% (or $190 million) came from these new businesses. While the Company continues to expand its product and service offerings, as well as its geographic footprint, all previously existing segments reported strong results. Revenues from Local Communications increased 4%, or $31.7 million, Directory grew 2%, or $1.3 million, and Other Communications grew 24%, or $25.2 million. The growth in the Other Communications segments was due to the expansion of the sale of communications equipment and the addition of the network integration and consulting business through an acquisition in November 1998.

Costs and expenses, excluding depreciation, amortization and special charges, were $795.4 million, up $200.3 million, or 34%. Of this increase, $98.7 million was due to the Merger and $116.2 million was due to Cincinnati

Bell Wireless, which became a consolidated entity upon completion of the acquisition of the wireless business from AT&T-PCS on December 31, 1998. Excluding these two additions, operating expenses were down $14.6 million from the prior year. EBITDA margins excluding Broadwing Communications and Cincinnati Bell Wireless increased 5.5 percentage points. Depreciation and amortization expense increased $69 million over 1998, with $47 million as a result of the Merger and $14 million attributable to the wireless business.

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

The Company's estimated restructuring costs were based on management's best estimate of those costs based on available information. The restructuring costs accrued in 1999 included the costs of involuntary employee separation benefits related to 347 employees (263 Broadwing Communication employees and 84 other employees). As of December 31, 1999, approximately 1% of the employee separations had been completed for a total cash expenditure of $0.4 million. Employee separation benefits include severance, medical and other benefits, and primarily affect customer support, infrastructure, and the Company's long distance operations. The restructuring plans also included costs associated with the closure of a variety of technical and customer support facilities, the decommissioning of certain switching equipment, and the termination of contracts with vendors.

In connection with the restructuring plan, the Company performed a review of its long-lived assets to identify any potential impairments in accordance with SFAS 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed of." Accordingly, the Company recorded a $1.4 million charge as an expense of operations, resulting from the abandonment and write-off of certain assets including duplicate network equipment. In total, we expect these restructuring related activities to result in cash outlays of $14.8 million and non-cash items of $3.8 million. The Company expects that most of the restructuring actions will be completed by December 31, 2000.

Operating income decreased by $36.2 million from the prior year reflecting the losses of the Broadband and Wireless segments which were $46.5 million and $40.3 million, respectively. Also included in operating income was the $10.9 million charge for business restructuring mentioned above. Excluding these items, operating income increased by $57.4 million due primarily to the operations of the Local Communications segment.

The Company recorded equity losses in unconsolidated entities in both years. In 1999, the Company recorded a 13% share of the operating losses of IXC due to its ownership of IXC common stock from August 16, 1999 to the November 9, 1999 closing date of the Merger. In 1998, the Company recorded a $27.3 million loss on its wireless venture with AT&T-PCS because

it agreed to fund its proposed share of the wireless business losses from inception to the close of the acquisition on December 31, 1998. The Company managed the operations of the venture while awaiting regulatory approval of the acquisition. As mentioned above, the results for this business are consolidated in Company operations in 1999.

Minority interest and other income (expense) resulted in income of $4.5 million for the year, a $6.0 million increase over 1998. Of this amount, $9.3 million of minority interest income was recorded as AT&T PCS' 19.9% share in the losses of our wireless subsidiary. This was partially offset by $6.9 million in preferred stock dividends accreted to the 12.5% preferred stockholders of Broadwing Communications and treated as minority interest. Remaining amounts in this category are largely attributable to interest income.

Interest expense increased significantly in 1999, owing to higher average debt levels associated with the Merger, the issuance of $400 million in 6 3/4% Convertible Subordinated Notes in July 1999, and the amortization of debt issuance costs and bank commitment fees associated with the Company's new $2.1 billion credit facility and these convertible subordinated notes. Of the $37.5 million increase in interest expense, $13.4 million is attributable to the operations of the Wireless business and approximately $24.0 million is related to the Merger.

Income taxes decreased $11 million, or 25%, in comparison to the prior year, as a function of lower pre-tax income and the offsetting impact of nondeductible expenses such as goodwill amortization and preferred stock dividends.

Extraordinary items related to the early extinguishment of debt affected results for each year. In 1999, costs related to the early extinguishment of Broadwing Communications' debt as a result of the Merger resulted in a $6.6 million charge, net of taxes. The spin-off of Convergys Corporation in 1998 reduced the borrowing capacity that was needed from the Company's then-existing credit facility and some debt and a portion of that credit facility were retired, resulting in a $1.0 million extraordinary charge, net of tax.

As a result of the above, income from continuing operations decreased from $81.8 million to $38.0 million and earnings per common share (EPS) from continuing operations decreased from $.60 in 1998 to $.25 in 1999. Excluding the Merger, EPS from continuing operations would have been $.82, a 37% increase over 1998.

Discontinued Operations for 1995 through 1998 includes the results of the Convergys Corporation (Convergys), the billing and customer management operations that were divested on December 31, 1998 through a tax free spin-off.

1998 COMPARED TO 1997

Revenues were $885.1 million, up 6% from $834.5 million in 1997, primarily as a result of increased activities in Local Communications segment. Increases in the Company's suite of custom calling services, through bundling of services as well a pay-per-use option, and increased data transport services accounted for a majority of the increase.

Costs and expenses, less depreciation, amortization and special charges, were $595.1 million, up 10% from $539.8 million in 1998. Of this increase $10 million, or 20%, was due to an increase Y2K and regulator mandated costs. Other increases were primarily due to increased headcount and higher wages. As a result, the EBITDA margin decreased two percentage points to 33%.

Income from continuing operations in 1998 was $81.8 million, or $.59 per common share, compared with $102.3 million, or $.74 per common share in 1997. In 1998, the Company recognized $1.1 million in special credits resulting from the 1995 business restructuring, compared with $21.0 million in 1997 (see Note 3 of Notes to Financial Statements). The Company also recorded a $27.3 million loss on its wireless venture in 1998, while no such loss was recorded in 1997. Excluding special credits and the wireless dilution, income from continuing operations on a per common share basis was $.72 in 1998 compared with $.64 in 1997.

Extraordinary items affected both years. In 1998, retirement of long-term debt and a portion of a credit facility resulted in an extraordinary charge of $1.0 million, net of taxes. In 1997, the discontinuation of Statement of Financial Accounting Standard No. 71,"Accounting for the Effects of Certain

Types of Regulation," at CBT resulted in a non-cash charge of $210.0 million after-tax.

LOCAL COMMUNICATIONS

The Local Communications segment provides local service, network access, (including high-speed data transport), long distance, data and Internet, ADSL transport, sales of communications equipment, and other ancillary telecommunications services through its Cincinnati Bell Telephone (CBT) and ZoomTown.com (ZT) subsidiaries. These two subsidiaries function as a fully integrated, wireline communications provider.

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
Revenues:					
Local service	$426.4	$407.9	5	$386.2	6
Network access	185.3	180.9	2	170.0	6
Other services	138.4	129.6	7	113.9	14
Total	750.1	718.4	4	670.1	7
Costs and expenses:					
Cost of providing service	282.0	296.6	(5)	267.6	11
Selling, general and administrative expense	142.7	152.4	(6)	145.6	5
Y2K and regulator-mandated	4.6	21.5	(79)	10.6	103
Total	429.3	470.5	(9)	423.8	11
EBITDA	$320.8	$247.9	29	$246.3	1
EBITDA margin	42.8%	34.5%	24	36.8%	(6)
Access lines (thousands)	1,055	1,033	2	1,005	3
VGEs (thousands)	518	387	34	276	40

1999 COMPARED TO 1998

The Local Communications segment posted another strong performance in 1999, with revenues and EBITDA increasing by 4% and 29% respectively. The combination of revenue growth and a focus on cost control efforts resulted in an 8.3 percentage point increase in EBITDA margin.

REVENUES

Revenues of $750.1 million were 4% higher than the $718.4 million recorded in the prior year, owing to growth in all categories. The local service category provided most of the revenue growth for the segment, growing 5% for the year, or nearly $19 million. Within this category, growth came primarily from new product bundling offers (e.g. Complete Connections-Registered Trademark- added 110,000 subscribers within the year), new products (e.g. the Zoomtown-SM- ADSL product launched late in 1998 grew to 18,000 subscribers by December 31, 1999), and data transport. These services, in the aggregate, contributed more than 80% of the increase for this category, or $15 million. Access line growth was responsible for the remainder of the increase, with a 2% increase in lines contributing approximately $4 million in additional revenue for the year.

Network access revenues were 2% higher, or $4.4 million. The sale of high capacity digital services (expressed in voice grade equivalents, or VGEs) increased 34%, resulting in approximately $13 million in new revenues for the category. The Company also realized approximately $5 million in additional revenues due to the recovery of mandated telecommunications costs. In spite of a 7% increase in access minutes of use, switched access revenues were approximately $14 million lower due to decreased per-minute rates initiated as part of the Company's Commitment 2000 program in Ohio and the optional incentive rate regulation at the Federal level.

Other services revenue increased approximately $9 million, or 7%, for the year, with the Company's FUSE-Registered Trademark- Internet access service contributing more than $2 million of the increase (a 44% revenue growth for this service). Other increases in the category are attributable to higher rent and facilities collocation revenue ($6 million). A lower provision for loss on receivables in the current year also contributed to the revenue increase in the current year.

COSTS AND EXPENSES

Excluding depreciation, amortization and special charges, costs and expenses of $429.3 million were $41.2 million less than the prior year, representing a 9% decrease.

Costs of providing services decreased by nearly $15 million for the year, $8 million of which is attributable to lower expenditures for payroll and temporary labor sources resulting from CBT's continuing efforts at increasing productivity. These efforts have resulted in a 4% increase in access lines per employee since the beginning of 1999.

Selling, general and administrative expenses decreased by nearly $10 million versus the prior year. Advertising expense increased approximately $1 million for the year in support of new calling services bundles and the Company's ZoomTown ADSL service. Consulting and contract services were approximately $7 million less, due to lower usage of external labor sources. Computer programming expenses and right-to-use fees decreased approximately $14 million for the year, due to a reduction in projects initiated and the capitalization of approximately $10 million in internal use software as required by AICPA Statement of Position 98-1. These expense decreases were somewhat offset by approximately $14 million in increases related to materials and supplies, rent, and reciprocal compensation to Internet service providers.

Year-2000 programming expenses were approximately $6 million lower than in the prior year, reflecting the progress previously made on critical systems and the conclusion of remediation efforts by year-end. No mandated telecommunications costs were incurred in 1999 since the local portability and interconnection requirements were met in the prior year (when the Company incurred nearly $11 million of such costs).

As a result of the revenue increase and expense decrease detailed above, EBITDA grew from $247.9 million in 1998 to $320.8 million in 1999, a 29% increase.

1998 COMPARED TO 1997

The Local Communications segment showed strong performance in 1998, enjoying the benefits of continued growth in access lines, voice grade equivalents and value-added services, such as Caller ID and other custom calling features. This, in combination with increased usage of the Company's network on a minutes-of-use basis, contributed significantly to the increase in revenue over 1997.

REVENUES

Revenues increased $48.3 million, or 7%. Local service revenues increased $21.7 million, primarily due to access line growth of 3% and increased usage of the Company's suite of custom calling services.

Network access revenues increased $10.9 million, or 6%. This was primarily due to growth in high-capacity digital service and an associated 40% increase in voice grade equivalents. Minutes of use increased 7% along with an increase in end-user access charges, but these were offset by a reduction of interstate per-minute rates instituted by the Federal

Communications Commission (FCC) and by a reduction in intrastate rates instituted as part of the Company's "Commitment 2000" plan as approved by the Public Utilities Commission of Ohio.

Revenues from other services increased $15.7 million, or 14%. Revenues from the Company's National Payphone Clearinghouse business and commissions associated with the deregulation of the public payphone business increased $6.9 million in 1998. The Company's FUSE-Registered Trademark- Internet access service increased $2.6 million in 1998. The remainder of the increase in this category is attributable to equipment and wiring sales and network integration and consulting revenues, partially offset by increased uncollectible expense of $4.3 million.

COSTS AND EXPENSES

Excluding depreciation and amortization, costs and expenses increased $35.7 million, or 9%. Approximately $12 million of the increase was attributable to higher headcount and associated wages. Right-to-use fees for network switching systems decreased by more than $2 million but were offset by increased expenditures for contract and consulting services. Expenses also increased approximately $5 million due to mandated charges to fund universal service initiatives and $2 million for increased advertising.

Year-2000 programming expenses totaled $10.9 million, representing nearly a $7 million increase. Regulator-mandated interconnection and local number portability expenses totaled $10.6 million in 1998, over $4 million more than the prior year.

BROADBAND

IXC became a subsidiary of the Company on November 9, 1999 as a result of the Merger. Subsequent to the acquisition date, the Company changed the name of IXC to Broadwing Communications, Inc. (Broadwing Communications). Operations of the Broadwing Communications subsidiary comprise the Broadband segment and are included in the Company's financial results prospectively from November 9, 1999. For purposes of comparability, portions of the following discussion assume the Broadband segment existed from January 1, 1998. These references will generally include a reference to Pro Forma results.

The Broadband segment utilizes an advanced, expansive, fiber-optic network to provide data transport, Internet services, private line, switched access, and other services. Broadwing Communication's network-based delivery solutions are designed to address the speed and capacity requirements of the global telecommunications market. Excess network capacity is also leased (in the form of IRUs) to other telecommunications and Internet service providers.

	Post-merger	Pro Forma		% Change
($ in millions)	1999	1999	1998	1999 vs 1998
Revenues:				
Private Line	$45.8	$304.3	$225.4	35
Switched Services	48.4	312.1	414.4	(25)
Data and Internet	4.8	23.5	9.0	161
Other	--	27.3	19.8	38
Total	99.0	667.2	668.6	n/m
Cost and expenses:				
Cost of providing service	60.7	427.1	433.3	(1)
Selling, general and administrative expense	38.1	248.7	144.5	72

Total	98.8	675.8	577.8	17
EBITDA	$ 0.2	$(8.6)	$90.8	(109)
EBITDA margin	n/m	(1)	14	(107)

1999 COMPARED TO 1998

REVENUES

Broadband revenues totaled $99 million in the post-merger period. On a Pro Forma 1999 basis, revenues were $667.2 million compared to $668.6 million in 1998. The reduction in switched services revenues of $102 million resulted from the strategic decision to de-emphasize the wholesale switched services business, and was offset by increases in all of Broadwing Communications' other service offerings. Private line revenues increased $78.9 million, or 35%, on a Pro Forma basis as a result of an increase in other carriers utilizing Broadwing Communication's next-generation broadband network . Data and Internet revenues increased $14.5 million, or 161%, as these services became a primary focus in 1999.

COSTS AND EXPENSES

Broadband costs and expenses, excluding depreciation and amortization expenses of $46.7 million, were $98.8 million in 1999. Of this amount, $60.7 million was for cost of providing services and $38.1 million was for selling, general and administrative expenses. Broadband's gross margin was 39% and EBITDA was $0.2 million.

On a Pro Forma basis, costs and expenses, excluding depreciation, amortization and special charges, were $98 million, or 17% greater than the prior year. Costs of providing services decreased by over $6 million, or 1%, due mainly to a $22.5 million decrease in access costs. This reduction was a direct result of Broadwing Communications making greater utilization of its fiber optic network as well as the reduction in minutes of use caused by the decision to de-emphasize the switched wholesale business. The decrease in access costs was offset somewhat by an increase in transmission and Internet expenses of $16.4 million. Gross margin increased to 36% in 1999 due mainly to Broadwing's greater focus on higher margin products such as private line and data and Internet.

Selling, general and administrative expenses increased by $104.0 million, or 72%, versus the prior year. This increase is due in part to increased staffing required to support, sell and market the expanded fiber optic network. Broadwing Communications is migrating from focusing on network construction to sales and marketing as the network increased from approximately 9,300 to 15,700 fiber route miles during 1999. Headcount increased by approximately 600 in 1999 versus 1998, 60% of which were in sales positions and the remaining 40% was for network operations.

WIRELESS

The Wireless segment comprises the operations of Cincinnati Bell Wireless LLC (an 80%-owned venture with AT&T Wireless PCS, Inc.), which provides advanced digital personal communications services and sales of related communications equipment to customers in its Greater Cincinnati and Dayton, Ohio operating areas.

On December 31, 1998, the Company acquired an 80% ownership interest in this business. Accordingly, current year results for the wireless business are reflected in the operating results of the Company beginning January 1, 1999. The agreement between Cincinnati Bell Wireless and AT&T PCS specified that, prior to the acquisition, the Company and AT&T PCS would operate under an interim agreement whereby losses would be funded in the same percentages as the proposed venture. In 1998, this resulted in a loss of $27.3 million, which was recorded as an equity loss in unconsolidated entities.

($ in millions)	1999
Revenues	$91.4
Costs and expenses:	
Cost of providing service	58.6
Selling, general and administrative expense	58.4
Total	117.0
EBITDA	$(25.6)
EBITDA margin	(28.0)%
Net Income	$(28.5)

REVENUES

Revenues for this segment have been increasing steadily over the course of 1999, with a year-end total of $91.4 million. The vast majority of revenues for this segment, or $80 million, were service revenues. An additional $13 million in revenues were derived from the sale of handsets and associated accessories. Service revenues are growing on the basis of increasing subscribership (95,000 and 56,000 postpaid customers were added in 1999 and 1998, respectively) generating an average monthly revenue per user (ARPU) of $65 and low customer churn of 1.43% per month. Although it did not drive significant growth in service revenues, the launch of CBW's new i-wireless-SM- prepaid service added 11,000 new subscribers in the fourth quarter of 1999.

COSTS AND EXPENSES

The costs of providing service is primarily comprised of incollect expense (whereby CBW incurs costs associated with its subscribers using their handset while in the territory of another wireless service provider), network operations costs, interconnection expenses and cost of equipment sales. These costs were 64% of revenue in 1999.

Selling, general and administrative expenses include the high cost of customer acquisition, including the subsidy of customer handsets, advertising, distribution and promotional expenses. With the significant growth of the wireless business, these costs totaled $46 million, or a cost per gross addition (CPGA) of $376 for postpaid subscribers, and contributed heavily to our EBITDA loss of $25.6 million.

The $28.5 million net loss for the current year (which includes interest and income tax expense, offset by the minority share of the net loss) was dilutive to the Company's earnings in the amount of $.19 per common share.

DIRECTORY SERVICES

The Directory segment is comprised of the operations of the Company's Cincinnati Bell Directory subsidiary, which publishes Yellow Pages directories and sells directory advertising and informational services in Cincinnati Bell Telephone's franchise area. These services are available to the customer in the form of traditional printed directory, an Internet-based service known as "Cincinnati Exchange," and on CD-Rom.

The majority of the revenues for this segment come from publishing, and it is the Company's practice to recognize revenues, and associated direct expenses, over the lifespan of the respective publications (generally twelve months). Primary expenses of this segment are sales commissions paid to sales agents and printing costs associated with its directory publications.

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
Revenues	$74.2	$72.9	2	$72.9	--
Costs and expenses:					
Cost of providing service	27.5	27.8	(1)	29.8	(7)
Selling, general and administrative expense	19.5	19.7	(1)	18.2	8
Total	47.0	47.5		48.0	
EBITDA	$27.2	$25.4	7	$24.9	2
EBITDA margin	36.7%	34.8%	5	34.1%	2

1999 COMPARED TO 1998

REVENUES

Revenues of $74.2 million exceeded results of the prior year by approximately $1 million, or 2%, as the positive outcome of the 1999 sales campaign began to materialize. The majority of the growth for this segment ($0.6 million) came from local advertisers, with an additional $0.3 million coming from the national advertisers.

COSTS AND EXPENSES

Costs and expenses of $47.0 million were virtually unchanged for the year, decreasing by $0.5 million, or 1%, due primarily to lower sales commissions. Printing costs and other SG&A expenses were held constant the prior year.

EBITDA of $27.2 million was $1.8 million higher, or 7%, than in the prior year. EBITDA margin of 36.7% represents a five percent improvement over the 34.8% margin recorded in the prior year.

1998 COMPARED TO 1997

REVENUES

Despite the arrival of full-scale competition in our market area during 1998, the Directory segment managed to preserve its revenue stream versus 1997. While some degree of competitive loss was felt from two new competitors, one of which was previously a sales agent for the Company, revenues were maintained as a result of the introduction of new listing options that resulted in additional revenues.

COSTS AND EXPENSES

Costs and expenses in 1998 were virtually unchanged in comparison to the prior year. Sales commissions decreased as a result of slightly lower sales volume and a renegotiated commission rate. Advertising spending increased as new campaigns were designed to preserve market share and stimulate demand for value-added listings.

OTHER COMMUNICATIONS SERVICES

Other Communications combines the Cincinnati Bell Long Distance (CBLD), Cincinnati Bell Supply (CBS), and Broadwing IT Consulting (formerly EnterpriseWise) segments. CBLD resells long distance, voice, data, frame relay, and Internet access services to small- and medium-sized business and residential customers in a regional area consisting mainly of six states. CBS sells new computers and resells telecommunications equipment in the secondary market, and Broadwing IT Consulting provides network integration and consulting services as well as the sale of related equipment.

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
Revenues	$131.3	$106.1	24	$ 101.7	4
Cost and expenses:					
Cost of providing service	93.1	66.3	40	63.9	4
Selling, general and administrative expense	35.2	24.8	42	20.3	22
Total	128.3	91.1	41	84.2	8
EBITDA	$3.0	$15.0	(80)	17.5	(14)
EBITDA margin	2.3%	14.1%	(84)	17.2%	(18)

1999 COMPARED TO 1998

REVENUES

Revenues were up $25.2 million, or 24%, in 1999. CBS accounted for $9.8 million of the revenue increase as a result of sales of communication equipment through its existing sales force and its new call center. Broadwing IT Consulting provided additional revenue of $14.3 million, of which slightly more than half was derived from the sale of hardware. CBLD contributed $1.7 million increase in revenues as decreases in its existing voice products were offset by sales of new data and Internet services.

COSTS AND EXPENSES

Costs and expenses increased 41% or $37.2 million. Costs of providing services accounted for approximately $27 million of this increase. Of this, $13 million was attributable to costs of materials and hardware associated with sales, $5 million was for employee-related expenses associated with the network integration consulting business added in November 1998, and the remainder was for increased cost of service in the new and existing CBLD services.

SG&A expenses were approximately $10 million higher than in the prior year, the majority of which can be attributed to employee costs associated with entry into new businesses. These were incurred by all subsidiaries within this segment, with CBLD incurring the largest increase ($5 million) due to its introduction of data transport, high-speed Internet, and local exchange services. An additional $4.2 million in SG&A expense is attributable to Broadwing IT Consulting, a business that had minimal effect on 1998 operations due to its acquisition by the Company late in that year. CBS incurred approximately $1 million in additional SG&A costs this year in order to establish a new call center in support of a sales agency arrangement it has with Lucent Technologies.

For these operations combined, EBITDA of $3 million was $12 million less than the prior year for the reasons noted above.

Coincident with the merger, the Company performed a strategic reassessment of its business unit structure. As a result, the Company is finalizing plans to sell, or exit, the CBS business in 2000 as it does not fit with the Company's long-term strategic plan. Also, the operations of CBLD and Broadwing IT Consulting were integrated into Broadwing Communications in

January 2000.

1998 COMPARED TO 1997

REVENUES

Revenues increased $4.4 million, or 4%. CBLD contributed a substantial gain in revenues over the prior year, adding $10 million of revenue as a result of increased subscribership and usage. CBS reported a $5.6 million decline in its revenues, due to the reduction in sales volume with a major customer and lower salvage prices on reclaimed materials for resale.

COSTS AND EXPENSES

Costs and expenses increased $6.9 million, or 8%. CBLD experienced increased selling and administrative expenses to acquire new subscribers and enter the data market with the introduction of frame relay service and Internet access. CBS reported lower product costs due to the decreased sales volume previously discussed.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased $69 million over 1998, of which $47 million was a result of the Merger and $14 million was attributable to the wireless business. The Company anticipates depreciation and amortization expense to be approximately $470 million in 2000 due to a full year of the merged company results.

INTEREST EXPENSE

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
	$61.7	$24.2	155	$30.1	(20)

1999 COMPARED TO 1998

Interest expense increased significantly in 1999, owing to higher average debt levels associated with the Merger, the issuance of $400 million in 6 3/4% convertible subordinated notes in July 1999, and the amortization of debt issuance costs and bank commitment fees associated with the Company's new $2.1 billion credit facility and these convertible subordinated notes.

Of the $37.5 million increase in interest expense, $13.4 million is attributable to the operations of the Wireless business and approximately $24.0 million is related to the Merger.

1998 COMPARED TO 1997

Interest expense declined in 1998 due to lower weighted average interest rates and an increase in interest during construction in 1998.

INCOME TAXES

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
Income taxes	$33.3	$44.3	(25)	$56.3	(21)
Effective tax rate	46.7%	35.1%	33	35.5%	(1)

1999 COMPARED TO 1998 AND 1998 COMPARED TO 1997

Income tax expense decreased in 1999 primarily due to lower overall pretax income resulting from higher pre-tax losses generated by the Wireless segment and pre-tax losses generated by the new Broadband segment. The Company's previous effective tax rate of approximately 35% will not be sustainable for future periods due to significant levels of non-deductible expense such as goodwill amortization and minority interest dividends.

The 1998 decrease (versus 1997) was the result of lower pre-tax income, primarily due to the wireless venture loss. The effective tax rates between these two years were comparable.

EXTRAORDINARY ITEMS, NET OF TAXES

($ in millions)	1999	1998	% Change 99 vs. 98	1997	% Change 98 vs. 97
	$6.6	$1.0	n/m	$210.0	--

1999 COMPARED TO 1998 AND 1998 COMPARED TO 1997

Extraordinary items affected both years. In 1999, costs related to the early extinguishment of debt as a result of the Merger resulted in a $6.6 million charge, net of taxes. In 1998, the spin-off of Convergys resulted in the retirement of debt and a portion of a then-existing credit facility, resulting in a $1.0 million charge, net of tax.

In 1997, the Company discontinued the application of SFAS 71 which resulted in an extraordinary, non-cash charge of $210.0 million, net of income taxes.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

CAPITAL INVESTMENT, RESOURCES AND LIQUIDITY

The Company continued its transformation from a wireline voice communications provider focused on its local franchise to a nationwide provider of data and voice communications and a regional provider of wireless services. As a result, the financing needs of the Company have changed significantly. Although the Company generated positive cash flow from operations in 1999, and expects to again in 2000, capital expenditures and other investing needs will increase the Company's borrowings.

In anticipation of these funding needs, the Company eliminated the dividend payment on common stock and issued $400 million in 6 3/4% convertible subordinated notes. The proceeds of these notes were used to affect the Merger, namely to purchase shares of IXC for cash and to purchase treasury shares of the Company's common stock.

In order to provide for these cash requirements and other general corporate purposes, the Company also obtained a $2.1 billion credit facility from a group of 24 lending institutions. The credit facility consists of $900 million in revolving credit and $750 million in term loans from banking institutions and $450 million in term loans from non-banking institutions. At December 31, 1999, the Company had drawn approximately $755 million from the credit facility in order to refinance its existing debt and debt assumed as part of the Merger. In January 2000, the Company borrowed approximately $400 million in order to redeem the majority of the outstanding 9% senior subordinated notes assumed during the Merger as part of a tender offer. This tender offer was required under the terms of the note indenture due to the change in control provision and resulted in an extraordinary loss of $4 million, net of tax. Accordingly, the Company has approximately $900 million in additional borrowing capacity under this facility as of the date of this report. Separately, the Company also has ownership position in four publicly traded companies. The value of these holdings was $928.4 million as of December 31, 1999. The sale of these securities are subject to limitations including registration rights.

The interest rates to be charged on borrowings from this credit facility can range from 100 to 225 basis points above the London Interbank Offering Rate (LIBOR), depending on the Company's credit rating. The current borrowing rate is approximately 200 basis points. The Company will incur banking fees in association with this credit facility ranging from 37.5 basis points to 75 basis points, applied to the unused amount of borrowings of the facility.

The Company is also subject to financial covenants in association with the credit facility. These financial covenants require that the Company maintain certain debt to EBITDA ratios, debt to total capitalization ratios, fixed and floating rate debt ratios and interest coverage ratios. This facility also contains certain covenants which, among other things, restrict the Company's ability to incur additional debt, pay dividends, repurchase Company common stock, and sell assets or merge with another company.

As a result of the Merger the Company's corporate credit ratings were downgraded in 1999. As of the date of this filing, the Company maintains the following credit ratings:

Entity	Description	Standard and Poor's	Duff & Phelps Credit Rating Service	Moody's Investor Service
BRW	Corporate Credit Rating	BB+	BB+	Ba2
CBT	Corporate Credit Rating	BB+	BBB+	Baa3

Capital expenditures to maintain and grow the nationwide fiber network, complete the wireless network expansion, and maintain the local Cincinnati network are expected to be approximately $805 million in 2000, consistent with $816 million on a Pro Forma basis in 1999.

BALANCE SHEET

Nearly all balance sheet categories have increased significantly from the prior year due to the Merger. Cash and cash equivalents increased by $70 million over the prior year largely from the receipt of approximately $76 million in cash on December 30, 1999 related to an IRU agreement with PSINet. The increase in accounts receivable and related allowances are primarily a result of the Merger. The increase in the reserve percentage reflects accruals for disputes and bad debts arising as a result of provisioning issues and the de-emphasis of the switched wholesale business at Broadwing Communications. In addition to the Merger, property, plant and equipment increased due to the Company's investment in its wireless and local communications business. Goodwill and other intangibles increased by nearly $2.2 billion and $0.4 billion, respectively, nearly all of which was related to the Merger. Investments in unconsolidated entities represents equity investments in PSINet, Applied Theory, PurchasePro.com, and ZeroPlus.com (which have been adjusted to market value in accordance with SFAS 115). The increases to short-term and long-term debt are attributable to the issuance of $400 million in 6 3/4% convertible subordinated notes and the refinancing of long-term debt upon the Merger. The current and long-term amounts associated with unearned revenues relate to the sale of IRU agreements.

In 1999, the $405 million dollar increase in the Minority Interest caption is attributable to 12 1/2% preferred shares previously issued by IXC. Effective with the Merger, the Company replaced the previously existing 6 3/4% and 7 1/4% preferred stock issues at IXC with its own preferred stock. These preferred stock issues were reflected at fair value upon the Merger date, and have resulted in the addition of approximately $229 million and $129 million, respectively, in additional redeemable and non-redeemable preferred stock. Additional paid in capital increased during 1999 primarily from the issuance of approximately 68 million new shares of common stock in the Merger. The increase in accumulated other comprehensive income is largely attributable to unrealized holding gains (net of tax) on the equity investments previously discussed. Also, the Company engaged in a share repurchase program that reduced shareholders' equity by $145 million.

CASH FLOW

The cash provided by operating activities of $314 million was $102 million higher than in the prior year. The increase was largely attributable to a $75 million increase in unearned revenues related to IRU agreements.

The Company engaged in several investment activities of significance in 1999, several of which were related to the Merger. Capital expenditures of approximately $381 million represented a $238 million increase over the prior year, with Broadwing Communications spending $165 million in the post-merger period and a $53 million increase related to infrastructure development for the wireless business. The Company also capitalized $10 million in software development costs in 1999 pursuant to its adoption of AICPA Statement of Position 98-1.

In the current year, net cash paid for acquisitions totaled $247 million, $233 million of which was attributable to the Merger. Remaining expenditures for acquisitions represented additional investment in the wireless business and the purchase of a long distance reseller. The purchase of the marketable securities of two unaffiliated e-commerce vendors required an additional $13 million in cash.

The Company incurred net debt of $429 million more than in the prior year, of which $400 million was issued to Oak Hill Capital Partners in July 1999 in the form of 6.75% convertible subordinated debentures (see Note 5 of Notes to Financial Statements). Dividends paid to shareholders of $46 million in 1999 were $9 million less than in the prior year. The Company received an additional $37 million versus the prior year from the exercise of employee stock options. The Company also used $145 million in 1999 in order to purchase shares of its own common stock as part of a share repurchase program.

REGULATORY MATTERS AND COMPETITIVE TRENDS

FEDERAL - In February 1996, Congress enacted the Telecommunications Act of 1996 (the 1996 Act), the primary purpose of which was to introduce greater competition into the market for telecommunications services. Since February 1996, the Federal Communications Commission (FCC) has initiated numerous rulemaking proceedings to adopt regulations pursuant to the 1996 Act. The 1996 Act and the FCC's rulemaking proceedings can be expected to impact CBT's in-territory local exchange operations in the form of greater competition. However, these statutes and regulations also create opportunities for the Company to expand the scope of its operations, both geographically and in terms of products and services offered.

OHIO - CBT's alternative regulation case dealing with the rates CBT can charge to competitive local exchange carriers for unbundled network elements is pending. The PUCO issued its decision on the methodology CBT must use to calculate these rates on November 4, 1999. On January 20, 2000, the PUCO denied all parties' requests for rehearing except for one issue regarding nonrecurring charges. CBT was required to submit new cost studies by February 28, 2000. After a period for review of the studies and resolution of any disputes, CBT is to file a tariff implementing the resulting rates.

KENTUCKY - On June 29, 1998, CBT filed an application with the Public Service Commission of Kentucky (PSCK) seeking approval of an alternative regulation plan similar to the Commitment 2000 plan approved by the PUCO in Ohio. On January 25, 1999, the PSCK issued an order approving the Kentucky alternative regulation plan with certain modifications. One of the modifications was the adoption of an earnings-sharing provision whereby customers would receive one-half of earnings on equity in excess of 13.5%. The PSCK also ordered that residential rates be frozen for three years and required rate reductions of approximately $3 million per year versus current rates. On February 12, 1999, CBT filed a petition seeking rehearing of the PSCK's January 25, 1999 order. On July 26, 1999, the PSCK issued an order which eliminated the automatic earnings-sharing provision and revised the required rate reductions to $2.3 million per year, instead of the $3 million per year previously ordered.

BUSINESS OUTLOOK

Evolving technology, the preferences of consumers, the legislative and regulatory initiatives of policy makers and the convergence of other industries with the telecommunications industry are causes for increasing competition. The range of communications services, the equipment available to provide and access such services, and the number of competitors offering such services continue to increase. These initiatives and developments could make it difficult for the Company to maintain current revenue and profit levels.

CBT's current and potential competitors include other incumbent local exchange carriers, wireless services providers, interexchange carriers, competitive local exchange carriers and others. To date, CBT has signed various interconnection agreements with competitors and approximately 7,200 net access lines have been transferred to competitors.

Broadwing Communications faces significant competition from other fiber-based telecommunications companies such as Level 3 Communications, Qwest Communications International, Global Crossings and Williams Communications. These companies have, in the past, enjoyed a competitive advantage over Broadwing Communications due to better business execution. The Company feels that Broadwing Communications is well equipped to match these competitors on the basis of technology and has been working to improve on critical processes, systems and the execution of its business strategy.

The Company's other subsidiaries face intense competition in their markets, principally from larger companies. These subsidiaries primarily seek to differentiate themselves by leveraging the strength and recognition of the Company's brand equity, by providing customers with superior service and by focusing on niche markets and opportunities to develop and market customized packages of services. CBD's competitors are directory services companies, newspapers and other media advertising services providers in the Cincinnati metropolitan market area. CBD now competes with its former sales representative for Yellow Pages directory customers. This competition may affect CBD's ability to grow or maintain profits and revenues. CBW is one of six active wireless service providers in the Cincinnati and Dayton, Ohio metropolitan market areas. CBS's competitors include vendors of new and used computer and communications equipment operating regionally and across the nation. Broadwing IT Consulting competes with Intranet hardware vendors, wiring vendors, and other network integration and consulting businesses.

The Merger is a response to these competitive pressures and represents a belief that the Company's reputation for quality service and innovative products can be successfully exported outside of its local franchise area. The Company plans to blend its provisioning and marketing expertise with Broadwing Communications' next-generation fiber-optic network in order to introduce advanced calling and data transport services throughout the U.S. The Company intends to retain market share with respect to its current service offerings and pursue rapid growth in data transport services. The

Company also expects that each of its current subsidiaries will benefit from this business combination through the addition of new potential customers, sales channels and markets.

CONTINGENCIES

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

YEAR-2000 READINESS

In order to ready its network and customer support systems for the Year 2000 (Y2K), the Company incurred expenses of $4.6 million and $10.9 million in 1999 and 1998 respectively. Year 2000 preparations were completed as planned, and as a result of this preparedness, major impacts to the Company and its customers were avoided. Some degree of minor difficulty was experienced with regard to customer payment issues, but these are considered insignificant and have been resolved or are currently being resolved.

RECENTLY ISSUED ACCOUNTING STANDARDS

On January 1, 1999, the Company adopted AICPA Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires the capitalization of certain expenditures for software that is purchased or internally developed for use in the business. As compared to prior years when these types of expenditures were expensed as incurred, the 1999 adoption of SOP 98-1 resulted in the capitalization of $10 million of internal use software development costs, which are being amortized over a three-year period.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards requiring that a derivative instrument be recorded in the balance sheet as either an asset or liability, measured at its fair value. SFAS 133 has been subsequently amended through the release of SFAS 137, which provides for a deferral of the effective date of SFAS 133 to all fiscal years beginning after June 15, 2000. As a result, implementation of SFAS 133 is not mandatory for the Company until January 1, 2001. Management is currently assessing the impact of SFAS 133 on the Company's results of operations, cash flows and financial position.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements. In SAB 101, the SEC Staff expresses its views regarding the appropriate recognition of revenue with regard to a variety of circumstances, some of which are of particular relevance to the Company. The Company is currently evaluating SAB 101 to determine its impact on the financial statements.

BUSINESS DEVELOPMENT

In order to enhance shareowner value, the Company actively reviews opportunities for acquisitions, divestitures and strategic partnerships.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to the impact of interest rate changes. To manage its exposure to interest rate changes, the Company uses a combination of variable rate short-term and fixed rate long-term financial instruments. The

Company may, from time to time, employ a small number of financial instruments to manage its exposure to fluctuations in interest rates. The Company does not hold or issue derivative financial instruments for trading purposes or enter into interest rate transactions for speculative purposes. Management is reviewing steps necessary to mitigate this exposure.

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

The following table describes the financial instruments that were held by the Company at December 31, 1999, excluding the PSINet forward sale and capital leases:

($ in millions)	2000-2002	2003	Thereafter	Total	Fair Value
Long-term debt	$20.0	$20.0	$1,917.0	$1,957.0	$1,805.0
Average interest rate	4.4%	6.2%	7.7%	7.5%	--

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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Financial Statement Schedule:

For each of the three years in the period ended December 31, 1999:

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Financial statements and financial statement schedules other than that listed above have been omitted because the required information is contained in the financial statements and notes thereto, or because such schedules are not required or applicable.

REPORT OF MANAGEMENT

The management of Cincinnati Bell Inc. dba Broadwing Inc. is responsible for the information and representations contained in this report. Management believes that the financial statements have been prepared in accordance with generally accepted accounting principles and that the other information in this report is consistent with those statements. In preparing the financial statements, management is required to include amounts based on estimates and judgments that it believes are reasonable under the circumstances.

In meeting its responsibility for the reliability of the financial statements, management maintains a system of internal accounting controls, which is continually reviewed and evaluated. Our internal auditors monitor compliance with the system of internal controls in connection with their program of internal audits. However, there are inherent limitations that should be recognized in considering the assurances provided by any system of internal accounting controls. Management believes that its system provides reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization, that the recorded accountability for assets is compared with the existing assets at reasonable intervals, and that appropriate action is taken with respect to any differences. Management also seeks to assure the objectivity and integrity of its financial data by the careful selection of its managers, by organization arrangements that provide an appropriate division of responsibility, and by communications programs aimed at assuring that its policies, standards and managerial authorities are understood throughout the organization.

The financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants. Their audit was conducted in accordance with auditing standards generally accepted in the United States.

The Audit and Finance Committee of the Board of Directors, which is composed of five directors who are not employees, meets periodically with management, the internal auditors and PricewaterhouseCoopers LLP to review their performance and responsibilities and to discuss auditing, internal accounting controls and financial reporting matters. Both the internal auditors and the independent accountants periodically meet alone with the Audit and Finance Committee and have access to the Audit and Finance Committee at any time.

KEVIN W. MOONEY
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND THE
SHAREOWNERS OF CINCINNATI BELL INC. DBA BROADWING INC.

In our opinion, the accompanying consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Cincinnati Bell Inc. dba Broadwing Inc. (the Company) and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the consolidated financial statements, in 1999 the Company adopted AICPA Statement of Position 98-1 and changed its method of accounting for internal use software development costs.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio
March 8, 2000

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME(LOSS) BROADWING INC.

Millions of dollars except per share amounts Year ended December 31	1999	1998	1997
REVENUES	$1,131.1	$885.1	$834.5
COSTS AND EXPENSES:			
Costs of providing services and products sold	508.7	369.6	344.6
Selling, general and administrative	286.7	225.5	195.2
Depreciation and amortization	181.0	111.1	124.3
Restructuring and other charges (credits)	10.9	(1.1)	(21.0)
OPERATING INCOME	143.8	180.0	191.4
Equity Loss in Unconsolidated Entities	15.3	27.3	--
Minority Interest and Other Income (Expense), Net	4.5	(2.4)	(2.7)
Interest Expense	61.7	24.2	30.1
Income from Continuing Operations Before Income Taxes	71.3	126.1	158.6
Income Taxes	33.3	44.3	56.3
Income from Continuing Operations	38.0	81.8	102.3
Income from Discontinued Operations, Net of Taxes	--	69.1	91.3
Income Before Extraordinary Items	38.0	150.9	193.6
Extraordinary Items, Net of Taxes	(6.6)	(1.0)	(210.0)
NET INCOME (LOSS)	31.4	149.9	(16.4)
Dividends and Accretion Applicable to Preferred Stock	2.1	--	--
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	$29.3	$ 149.9	$(16.4)
NET INCOME (LOSS)	$31.4	$ 149.9	$(16.4)
Other Comprehensive Income (Loss), Net of Tax:			
Unrealized gain on investments	170.0	--	--
Currency translation adjustments	--	(4.8)	(1.6)
Additional minimum pension liability adjustment	3.6	(2.5)	0.8
Total other comprehensive income (loss)	173.6	(7.3)	(0.8)
COMPREHENSIVE INCOME (LOSS)	$205.0	$ 142.6	$(17.2)
BASIC EARNINGS (LOSS) PER COMMON SHARE			
Income from Continuing Operations	$ .25	$ .60	$ .76
Income from Discontinued Operations, Net of Taxes	--	.51	.67
Extraordinary Items, Net of Taxes	(.05)	(.01)	(1.55)
Net Income (Loss)	$ .20	$ 1.10	$ (.12)
DILUTED EARNINGS (LOSS) PER COMMON SHARE			
Income from Continuing Operations	$ .24	$ .59	$ .74
Income from Discontinued Operations, Net of Taxes	--	.50	.67
Extraordinary Items, Net of Taxes	(.04)	(.01)	(1.53)
Net Income (Loss)	$ .20	$ 1.08	$ (.12)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (MILLIONS)			
Basic	144.3	136.0	135.2
Diluted	150.7	138.2	137.7

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

CONSOLIDATED BALANCE SHEETS BROADWING INC.

Millions of dollars at December 31	1999	1998
ASSETS		
Current Assets		
Cash and cash equivalents	$ 80.0	$ 10.1
Receivables, less allowances of $53.6 and $12.0	231.0	138.0
Material and supplies	30.3	16.9
Deferred income tax benefits	35.9	13.8
Prepaid expenses and other current assets	36.2	18.6
Total current assets	413.4	197.4

Property, Plant and Equipment, Net	2,500.9	698.2
Goodwill and Other Intangibles, Net	2,679.9	103.3
Investments in Other Entities	843.3	2.5
Deferred Charges and Other Assets	71.1	39.6
Total Assets	$6,508.6	$1,041.0
Liabilities, Redeemable Preferred Stock, and Shareowners' Equity		
Current Liabilities		
Short-term debt	$ 9.2	$ 186.2
Accounts payable	230.5	57.9
Current portion of unearned revenue and customer deposits	82.6	26.8
Accrued taxes	88.3	40.6
Other current liabilities	157.5	93.8
Total current liabilities	568.1	405.3
Long-Term Debt, less current portion	2,136.0	366.8
Unearned Revenue, less current portion	633.5	--
Deferred Income Taxes	221.8	6.3
Other Long-Term Liabilities	153.8	91.5
Total liabilities	3,713.2	869.9
Minority Interest	434.0	29.0
7 1/4% Convertible Preferred Stock, redeemable, $.01 par value; authorized - 5,000,000 shares of all classes of Preferred Stock; 1,058,380 shares issued and outstanding at December 31, 1999 (aggregate liquidation preference of $105.8 at December 31, 1999)	228.6	--
Commitments and Contingencies		
Shareowners' Equity		
6 3/4% Cumulative Convertible Preferred Stock, $.01 par value; authorized - 5,000,000 shares of all classes of Preferred Stock; 155,250 shares issued and outstanding at December 31, 1999	129.4	--
Common shares, $.01 par value; 480,000,000 shares authorized; 208,678,058 and 136,381,509 shares issued	2.1	1.4
Additional paid-in capital	1,979.5	147.4
Retained earnings	--	--
Accumulated other comprehensive income (loss)	166.9	(6.7)
Common stock in treasury, at cost 1999 - 7,805,800 shares, 1998 - no shares	(145.1)	--
Total shareowners' equity	2,132.8	142.1
Total Liabilities, Redeemable Preferred Stock and Shareowners' Equity	$6,508.6	$1,041.0

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

Millions of dollars Year ended December 31	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$31.4	$ 149.9	$(16.4)
Less: income from discontinued operations, net of taxes	--	(69.1)	(91.3)
Income (loss) from continuing operations	31.4	80.8	(107.7)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities:			
Depreciation	159.9	110.5	123.9
Amortization	21.1	0.6	0.4
Restructuring and related charges (credits)	10.6	(1.1)	(21.0)
Provision for loss on receivables	28.5	15.8	7.3
Extraordinary items, net of taxes	6.6	1.0	210.0
Non-cash interest expense	15.8	1.9	(6.4)
Minority interest	(3.0)	--	--
Equity loss in unconsolidated entities	15.3	27.3	--
Change in operating assets and liabilities net of effects from acquisitions:			
Decrease (increase) in receivables	(3.4)	(24.9)	(26.3)
Decrease (increase) in prepaid expenses and other current assets	(16.7)	2.1	(7.4)
Increase (decrease) in accounts payable	(17.1)	40.9	45.1
Increase (decrease) in other current liabilities	46.3	(7.5)	(43.2)
Increase in unearned revenues	75.0	--	--
Increase (decrease) in deferred income taxes	(24.7)	(12.8)	(4.1)
Decrease (increase) in other assets and liabilities, net	(31.7)	(22.3)	26.8
Net cash provided by operating activities of continuing operations	313.9	212.3	197.4
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(381.4)	(143.6)	(158.4)
Payments for acquisitions, net of cash acquired	(247.0)	(165.6)	--
Purchase of marketable securities	(12.8)	--	--
Other investing activities, net	--	--	4.6
Net cash used in investing activities of continuing operations	(641.2)	(309.2)	(153.8)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of long-term debt	1,175.0	150.0	--
Repayment of long-term debt	(221.2)	(51.2)	(99.6)

Short-term borrowings, net	(371.4)	54.7	109.5
Debt issuance costs	(31.5)	--	--
Issuance of common shares-exercise of stock options	37.0	0.3	9.1
Purchase of treasury shares	(145.1)	--	--
Dividends paid	(45.6)	(54.4)	(54.3)
Net cash provided by (used in) financing activities of continuing operations	397.2	99.4	(35.3)
Net cash provided by discontinued operations	--	(0.2)	(0.2)
Net increase (decrease) in cash and cash equivalents	$ 69.9	$ 2.3	$ 8.1
Cash and cash equivalents at beginning of year	10.1	7.8	(0.3)
Cash and cash equivalents at end of year	$ 80.0	$ 10.1	$ 7.8

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

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY BROADWING INC.

	6 3/4% Cumulative Convertible Preferred Stock		Common Stock		Treasury Stock				Accumulated	
Dollars and shares in millions	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Income	Total
BALANCE AT JANUARY 1, 1997	--	--	135.1	$1.4	--	--	$346.8	$293.5	$(7.3)	$634.4
Shares issued under shareowner and employee plans	--	--	1.0	--	--	--	17.7	(0.8)	--	16.9
Net loss	--	--	--	--	--	--	--	(16.4)	--	(16.4)
Additional minimum pension liability adjustment	--	--	--	--	--	--	--	--	0.8	0.8
Currency translation adjustments	--	--	--	--	--	--	--	--	(1.6)	(1.6)
Dividends on common shares, $.40 per share	--	--	--	--	--	--	--	(54.4)	--	(54.4)
BALANCE AT DECEMBER 31, 1997	--	--	136.1	1.4	--	--	364.5	221.9	(8.1)	579.7
Shares issued under shareowner and employee plans	--	--	0.3	--	--	--	--	--	--	--
Net income	--	--	--	--	--	--	--	149.9	--	149.9
Additional minimum pension liability adjustment	--	--	--	--	--	--	--	--	(2.5)	(2.5)
Currency translation adjustments	--	--	--	--	--	--	--	--	(4.8)	(4.8)
Restricted stock issuance	--	--	--	--	--	--	(4.9)	--	--	(4.9)
Dividends on common shares, $.40 per share	--	--	--	--	--	--	--	(54.6)	--	(54.6)
Spin-off of Convergys	--	--	--	--	--	--	(212.2)	(317.2)	8.7	(520.7)
BALANCE AT DECEMBER 31, 1998	--	--	136.4	1.4	--	--	147.4	--	(6.7)	142.1
Shares issued under shareowner and employee plans	--	--	3.2	--	--	--	46.3	--	--	46.3
Net income	--	--	--	--	--	--	--	31.4	--	31.4
Additional minimum pension liability adjustment	--	--	--	--	--	--	--	--	3.6	3.6
Unrealized gain on investments	--	--	--	--	--	--	--	--	170.0	170.0
Restricted stock amortization	--	--	0.7	--	--	--	5.1	--	--	5.1
Dividends:										
Common Shares, at $.20 per share	--	--	--	--	--	--	--	(27.5)	--	(27.5)
Preferred Shares	--	--	--	--	--	--	1.8	(3.9)	--	(2.1)
Equity issued in connection with Merger	0.2	129.4	68.4	0.7	--	--	1,778.9	--	--	1,909.0
Treasury shares repurchased	--	--	--	--	(7.8)	(145.1)	--	--	--	(145.1)
BALANCE AT DECEMBER 31, 1999	0.2	$129.4	208.7	$ 2.1	(7.8)	$(145.1)	$1,979.5	$ --	$166.9	$2,132.8

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

NOTES TO FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The Company provides diversified communications services through businesses in four material segments: Local Communications, Broadband, Wireless, and Directory. On November 9, 1999 the Company merged with IXC Communications in a transaction accounted for as a purchase. Accordingly, IXC's operations (renamed Broadwing Communications) have been included in the consolidated financial statements for all periods subsequent to November 9, 1999 (See Note 2).

BASIS OF CONSOLIDATION -- The consolidated financial statements include the consolidated accounts of Cincinnati Bell Inc. dba Broadwing Inc. (the Company), and its majority owned subsidiaries in which the Company exercises control. Less-than-majority-owned subsidiaries are accounted for using the equity method. For equity method investments, the Company's share of income is calculated according to the Company's equity ownership. Any differences between the carrying amount of an investment and the amount of the underlying equity in the net assets of the investee are amortized over the expected life of the asset. Investments over which we do not exercise significant influence are reported at fair value. Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

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

CASH EQUIVALENTS -- Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

MATERIALS AND SUPPLIES -- Materials and supplies are carried at the lower of average cost or market.

PROPERTY, PLANT AND EQUIPMENT -- Property, plant and equipment are stated at cost. The Company's provision for depreciation of telephone plant is determined on a straight-line basis using the whole life and remaining life methods. As a result of the discontinuation of SFAS 71 in the fourth quarter of 1997, CBT recognized shorter, more economically realistic lives than those prescribed by regulators and increased its accumulated depreciation balance by $309.0 million (see Note 13). Provision for depreciation of other property is based on the straight-line method over the estimated useful life. Repairs and maintenance expense items are generally charged to expense as incurred. Telephone plant is retired at its original cost, net of cost of removal and salvage, and is charged to accumulated depreciation. For other property, plant and equipment, retired or sold, the gain or loss is recognized in other income.

LONG-LIVED ASSETS, OTHER ASSETS AND GOODWILL -- Deferred financing costs are costs incurred in connection with obtaining long-term financing; such costs are amortized as interest expense over the terms of the related debt agreements. Certain costs incurred with the connection of customers to the switched long distance network (deferred network costs) are amortized on a straight-line basis over two years. Goodwill resulting from the purchase of businesses and other intangibles are recorded at cost and amortized on a straight-line basis from 5 to 40 years. Broadwing reviews the carrying value of long-lived assets and goodwill for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount, with the loss measured based on discounted expected cash flows.

REVENUE RECOGNITION -- Local service revenues are billed monthly, in advance, with revenues being recognized when earned. Remaining revenues (with the exception of those described below) are billed and recognized as services are provided. Directory segment revenues and related directory costs are generally deferred and recognized over the life of the associated directory, normally twelve months. Indefeasible right-to-use agreements, or IRUs, represent the lease of excess network capacity and are recorded as unearned revenue at the earlier of the acceptance of the applicable portion of the network by the customer or the receipt of cash. Associated IRU revenue is then recognized over the life of the agreement as services are provided, beginning on the date of customer acceptance. IRU and related maintenance revenue are included in the private line category for the Broadband segment.

ADVERTISING -- Costs related to advertising are expensed as incurred and amounted to $22.3 million, $11.1 million, and $8.1 million in 1999, 1998, and 1997, respectively.

FIBER EXCHANGE AGREEMENTS -- In connection with the fiber optic network expansion, the Company entered into various agreements to exchange fiber usage rights. Non-monetary exchanges of fiber usage are recorded at the cost of the asset transferred or, if applicable, the fair value of the asset received. The Company accounts for agreements with other carriers to exchange fiber for capacity by recognizing the fair value of the revenue earned and expense incurred under the respective agreements. Exchange agreements accounted for non-cash revenue and expense (in equal amounts) of $2.7 million in 1999.

INCOME TAXES -- The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods using the liability method. For financial statement purposes, deferred investment tax credits are being amortized as a reduction of the provision for income taxes over the estimated useful lives of the related property, plant and equipment.

STOCK-BASED COMPENSATION -- Compensation cost is measured under the intrinsic value method. Pro forma disclosures of net income and earnings per share are presented as if the fair value method had been applied.

FINANCIAL INSTRUMENTS -- In the normal course of business, the Company may, from time to time, employ a small number of financial instruments to manage its exposure to fluctuations in interest rates. The Company does not hold or issue derivative financial instruments for trading purposes.

REGULATORY ACCOUNTING -- In the fourth quarter of 1997, the Company discontinued accounting under Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation," at Cincinnati Bell Telephone (see Note 13).

RECLASSIFICATIONS -- Certain prior year amounts have been reclassified to conform to the current classifications with no effect on financial results.

RECENTLY ISSUED ACCOUNTING STANDARDS -- On January 1, 1999, the Company adopted AICPA Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires the capitalization of certain expenditures for software that is purchased or internally developed for use in the business. As compared to prior years when these types of expenditures were expensed as incurred, the 1999 adoption of SOP 98-1 resulted in the capitalization of $10 million of internal use software development costs, which are being amortized over a three-year period.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards requiring that a derivative instrument be recorded in the balance sheet as either an asset or liability, measured at its fair value. SFAS 133 has been subsequently amended through the release of SFAS 137, which provides for a deferral of the effective date of SFAS 133 to all fiscal years beginning after June 15, 2000. As a result, implementation of SFAS 133 is not mandatory for the Company until January 1, 2001. Management is currently assessing the impact of SFAS 133 on the Company's results of operations, cash flows and financial position.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." In SAB 101, the SEC Staff expresses its views regarding the appropriate recognition of revenue with regard to a variety of circumstances, some of which are of particular relevance to the Company. The Company is currently evaluating SAB 101 to determine its impact on the financial statements.

2. ACQUISITIONS

IXC COMMUNICATIONS INC.:

On November 9, 1999, the Company merged with IXC Communications, Inc. (the Merger). Under the terms of the Merger, each share of IXC common stock was exchanged for 2.0976 shares of the Company's common stock. The aggregate purchase price of $2.2 billion consisted of (all numbers approximate): $0.3 billion in cash for the purchase of five million shares of IXC stock from GE Capital Pension Trust; the issuance of 68 million shares of the Company's common stock valued at $1.6 billion, 155,000 shares of 6 3/4% convertible preferred stock valued at $0.1 billion; and the issuance of 14 million options to purchase Broadwing common stock valued at $0.2 billion. These options were issued coincident with the merger to replace the then outstanding and unexercised options exercisable for shares of IXC common stock. These options were granted on the same

terms and conditions as the IXC options, except that the exercise price and the number of shares issuable upon exercise were divided and multiplied, respectively, by 2.0976. The Merger was accounted for as a purchase and, accordingly, the operating results of IXC (Broadwing Communications) have been included in the Company's consolidated financial statements since the Merger date of November 9, 1999.

The cost of the Merger has been preliminarily allocated to the assets acquired and liabilities assumed according to their estimated fair values at the acquisition date and is subject to adjustment when the assumptions relating to the asset and liability valuations are finalized. In addition, the allocation may be impacted by changes in pre-acquisition contingencies identified during the allocation period by the Company relating to certain environmental, litigation, and other matters. The results of a preliminary allocation of the purchase price are as follows:

Fair market value adjustments:

Property, Plant & Equipment	$ 207.0
Other intangibles	397.0
Debt	(168.0)
Deferred tax Liabilities	(113.0)
Other	7.0
Subtotal	$330.0
Goodwill	$2,187.5
Total	$2,517.5

The amount allocated to goodwill represents the excess of price paid over the fair value of assets realized and liabilities assumed in the Merger. These amounts will be amortized to expense over a 30-year period.

CINCINNATI BELL WIRELESS:

On December 31, 1998 the Company paid approximately $162 million in cash to AT&T PCS in exchange for an 80% interest in the Wireless business, including a PCS license and other assets and liabilities. The goodwill, licenses, and other intangibles related to this purchase were approximately $96 million and are being amortized to expense on a straight-line basis over a 20- to 40-year period.

The following summarized unaudited Pro forma financial information assumes both the Merger and the acquisition of the wireless business occurred at the beginning of each year:

Millions of dollars (except per share amounts) Year ended December 31	1999	1998
Revenues	$1,699.4	$1,572.0
EBITDA	326.8	341.8
Loss from continuing operations	(349.5)	(202.7)
Net Loss	$(356.1)	$(140.2)
Loss from continuing operations per common share	$(1.76)	$(1.02)
Loss per common share	$(1.79)	$(.72)

These unaudited Pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the Merger and the acquisition of the wireless business had occurred on January 1, 1998.

3. RESTRUCTURING AND OTHER CHARGES (CREDITS)

1999 RESTRUCTURING PLAN

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

Millions of dollars	Broadwing, excluding Broadwing Communications	Broadwing Communications	Total
Employee separations	$6.0	$2.2	$8.2
Facility closure costs	2.3	2.1	4.4
Relocation	---	0.2	0.2
Other exit costs	1.2	3.2	4.4
Total accrued restructuring costs	$ 9.5	$ 7.7	$ 17.2

The Company's estimated restructuring costs were based on management's best estimate of those costs based on available information. The restructuring costs accrued in 1999 included the costs of involuntary employee separation benefits related to 347 employees (263 Broadwing Communication employees and 84 other employees). As of December 31, 1999, approximately 1% of the employee separations had been completed for a total cash expenditure of $0.4 million. Employee separation benefits include severance, medical and other benefits, and primarily affect customer support, infrastructure, and the Company's long distance operations. The restructuring plans also included costs associated with the closure of a variety of technical and customer support facilities, the decommissioning of certain switching equipment, and the termination of contracts with vendors.

In connection with the restructuring plan, the Company performed a review of our long-lived assets to identify any potential impairments in accordance with SFAS 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed of." Accordingly, the Company recorded a $1.4 million charge as an expense of operations, resulting from the abandonment of certain assets including duplicate network equipment.

In total, the Company expects these restructuring related activities to result in cash outlays of $14.8 million and non-cash items of $3.8 million, and that most of the restructuring actions will be completed by December 31, 2000.

1995 RESTRUCTURING PLAN

In 1995, the Company implemented a restructuring plan to provide for the voluntary and involuntary separation of more than 1,300 employees. The Company recorded charges of $131.6 million to reflect the cost of this plan. The Company recorded $21 million of non-cash pension settlement gains in 1997 and reversed $1.1 million in restructuring liabilities in 1998 upon substantial completion of the 1995 restructuring plan.

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4. INVESTMENTS IN OTHER ENTITIES

Investments in Equity Method Securities - The Company holds a 27% ownership investment in Applied Theory. The book value and market value of this investment at December 31, 1999 were $61.0 million and $157.1 million, respectively.

Investments in Marketable Securities - Investments held in PSINet, Purchase Pro and ZeroPlus.com are classified as an "available-for-sale" securities under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). Accordingly, the Company recorded these investments at fair value and recorded the unrealized holding gains net of tax in comprehensive income, and adjusted the carrying value of these investments. The book value and related market value of these securities were $524.3 million and $771.3 million, respectively, as of December 31, 1999.

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5. DEBT

Debt Consists of the Following:

Millions of dollars at December 31	1999	1998
Short-Term Debt:		
Commercial paper	--	$185.5
Current maturities of long-term debt	$9.2	0.7
Total short-term debt	$9.2	$186.2
Long-Term Debt		
Bank Notes	$755.0	--
9.0% Senior subordinated notes	450.0	--
6.75% Convertible notes	412.0	--
Various CBT Notes	290.0	$290.0
7.25% Senior subordinated notes	50.0	50.0
PSINet forward sale	133.9	--
Capital lease obligations	37.0	26.8
Other	8.1	--
Total long-term debt	$2,136.0	$366.8

Average balances of short-term debt and related interest rates for the last three years are as follows:

Millions of dollars	1999	1998	1997
Average amounts of short-term debt outstanding during the year*	$190.0	$87.5	$64.2
Maximum amounts of short-term debt at any month-end during the year	$230.0	$185.5	$129.5
Weighted average interest rate during the year**	4.9%	5.6%	5.7%

* Amounts represent the average daily face amount of notes.
** Weighted average interest rates are computed by dividing the daily average face amount of notes into the aggregate related interest expense.

9% SENIOR SUBORDINATED NOTES

In 1998 IXC issued $450.0 million of 9% senior subordinated notes due 2008 ("the 9% notes"). The 9% notes are general unsecured obligations and are subordinate in right of payment to all existing and future senior indebtedness and other liabilities of our subsidiaries. The indenture related to the 9% notes requires us to comply with various financial and other covenants and restricts the Company from incurring certain additional indebtedness.

In January 2000, $404 million of these 9% notes were redeemed through a tender offer as a result of the change of control terms of the bond indenture. As a result, the Company recorded an extraordinary charge for the debt extinguishment of approximately $4.4 million, net of taxes.

6.75% CONVERTIBLE NOTES

In July 1999, the Company issued $400 million of 10-year, convertible subordinated debentures to Oak Hill Capital Partners, L.P. These notes are convertible into common stock of the Company at a price of $29.89 per common share at the option of the holder. For as long as this debt is outstanding, these notes bear a coupon rate of 6.75% per annum, with the associated interest expense being added to the debt principal amount. Through December 31, 1999, the Company has recorded $12.0 million in interest expense and has adjusted the carrying amount of the debt accordingly.

PSINET FORWARD SALE

The Company's investment in PSINet consists of 21.6 million shares after adjusting for their February 2000 two-for-one stock split. In June and July 1999, Broadwing Communications received approximately $111.8 million representing amounts from a financial institution in connection with two prepaid forward sale contracts on six million shares of the PSINet common stock. This amount is accounted for as notes payable and is collateralized by these six million shares of PSINet common stock owned by the Company. Each forward-sale obligation for three million shares of PSINet stock may be settled at specified dates in the first and second quarter of 2002 for a maximum amount of three million shares of PSINet stock, or at the Company's option, the equivalent value in cash. Since it is the Company's current intention to settle these obligations in PSINet stock, the carrying amount of the liability is marked-to-market each period with an offsetting adjustment to the "unrealized gain on investments" caption within other comprehensive income.

BANK NOTES

In November 1999, the Company obtained a $2.1 billion credit facility from a group of 24 lending institutions. The credit facility consists of $900 million in revolving credit and $750 million in term loans from banking institutions and $450 million in term loans from non-banking institutions. At December 31, 1999, the Company had drawn approximately $755 million from the credit facility in order to refinance its existing debt and debt assumed as part of the Merger. In January 2000, the Company borrowed approximately $400 million in order to redeem the outstanding 9% Senior Subordinated Notes assumed during the Merger as part of a tender offer. This tender offer was required under the terms of the bond indenture due to the change in control provision. Accordingly, the Company has approximately $900 million in additional borrowing capacity under this facility as of the date of this report. This facility's financial covenants require that the Company maintain certain debt to EBITDA ratios, debt to capitalization ratios, fixed to floating rate debt ratios and interest coverage ratios. This facility also contains covenants which, among other things, restrict the Company's ability to incur additional debt, pay dividends, repurchase Company common stock, sell assets or merge with another company.

The interest rates to be charged on borrowings from this credit facility can range from 100 to 225 basis points above the London Interbank Offering Rate (LIBOR), depending on the Company's credit rating. The current borrowing rate is approximately 200 basis points. The Company will incur banking fees in association with this credit facility ranging from 37.5 basis points to 75 basis points, applied to the unused amount of borrowings of the facility.

Annual maturities of long-term debt and minimum payments under capital leases for the five years subsequent to December 31, 1999 are as follows:

Millions of dollars at December 31	1999
Debentures/Notes	
Year of Maturity	
2000	$ --
2001	--
2002	20.0
2003	20.0
2004	--
2005	325.0
Thereafter	1,592.0
Subtotal	1,957.0
PSINet Forward Sale	133.9
Capital leases and other	45.1
Total	$2,136.0

Interest expense recognized on the Company's debt is as follows:

Millions of dollars Year ended December 31	1999	1998	1997
Interest expense:			
Long-term debt	$55.8	$ 20.8	$ 23.2
Short-term debt	5.5	4.9	6.1
Other	0.4	(1.5)	0.8
Total	$61.7	$ 24.2	$ 30.1

Interest capitalized during 1999, 1998 and 1997 was $3.8 million, $1.9 million and $1.3 million, respectively.

Extraordinary items related to the early extinguishment of debt affected both years. In 1999, costs related to the early extinguishment of Broadwing Communications' debt as a result of to the Merger resulted in a $6.6 million charge, net of taxes. The spin-off of Convergys Corporation in 1998 reduced the borrowing capacity that was needed from the Company's then-existing credit facility and some debt and a portion of that credit facility were retired, resulting in a $1.0 million extraordinary charge, net of tax.

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6. MINORITY INTEREST

Millions of dollars	Year ended December 31	1999	1998
Minority interest consists of:			
12.5% Exchangeable Preferred Stock		$418.2	$ --
Minority Interest in Cincinnati Bell			
Wireless held by AT&T PCS		13.1	29.0
Other		2.7	
Total		$434.0	$29.0

Broadwing Communications has outstanding approximately $400 million, or 400,000 shares of 12 1/2% Junior Exchangeable Preferred Stock (12 1/2% Preferreds). The 12 1/2% Preferreds are mandatorily redeemable on August 15, 2009 at a price equal to their liquidation preference ($1,000 a share), plus accrued and unpaid dividends. Dividends on the 12 1/2% Preferreds are currently being effected through additional shares of the 12 1/2% Preferreds. This option is available to the Company until February 15, 2001, at which time all dividends are required to be paid in cash. The Company converted to a cash pay option for these dividends on February 15, 2000. Dividends on the 12 1/2% Preferreds are classified as minority interest expense in the Consolidated Statements of Income and Comprehensive Income. At the Merger date, and as part of purchase accounting, the 12 1/2% Preferreds were adjusted to fair market value which exceeds the redemption value. As such, the accretion of the difference between the new carrying value and the mandatory redemption value is treated as an offsetting reduction to minority interest expense.

AT&T PCS maintains a 19.9% ownership in the Company's Cincinnati Bell Wireless (CBW) subsidiary. The balance is adjusted as a function of AT&T PCS' 19.9% share of the adjusted net income (or loss) of CBW, with an offsetting amount being reflected in the Consolidated Statements of Income and Comprehensive Income under the caption "Minority Interest and Other Income (Expense), Net."

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7. COMMON AND PREFERRED SHARES

COMMON SHARES

Par value of the common shares is $.01 per share. At December 31, 1999 and 1998, common shares outstanding were 200.9 million and 136.4 million, respectively. Common shares outstanding at December 31, 1999 include the issuance of 68.4 million shares in association with the Merger. In July 1999, the Company's Board of Directors approved a share repurchase program authorizing the repurchase of as much as $200 million in common shares of the Company. As of December 31, 1999, the Company had repurchased approximately 7.8 million shares of Company common stock at a cost of $145 million.

COMMON SHARE PURCHASE RIGHTS PLAN

In the first quarter of 1997, the Company's Board of Directors adopted a Share Purchase Rights Plan by granting a dividend of one preferred share purchase right for each outstanding common share to shareowners of record at the close of business on May 2, 1997. Under certain conditions, each right entitles the holder to purchase one-thousandth of a Series A Preferred Share. The rights cannot be exercised or transferred apart from common shares, unless a person or group acquires 15% or more of the Company's outstanding common shares. The rights will expire May 2, 2007, if they have not been redeemed.

PREFERRED SHARES

The Company is authorized to issue up to four million voting preferred shares and one million nonvoting preferred shares.

In connection with the Merger, the Company issued 155,250 shares of 6 3/4% cumulative convertible preferred stock. The 6 3/4% convertible preferred stock can be converted at any time at the option of the holder into common stock of the Company. The conversion rate is 28.84 shares of Company common stock per share of 6 3/4% convertible preferred stock. Dividends on the 6 3/4% convertible preferred stock are payable quarterly in arrears in cash or common stock.

Also in connection with the Merger, the Company issued approximately $100 million (1,074,000 shares) of 7 1/4% junior convertible preferred stock due 2007. As of the date of this report 1,058,380 shares remain outstanding. The 7 1/4% convertible preferred stock is convertible at the option of the Holder into shares of common stock at a conversion rate of 8.94 shares of common stock for each share of 7 1/4% convertible preferred stock. The shares are redeemable at a price of 104.83% on April 3, 2000. On March 31, 2007, the 7 1/4% convertible preferred stock must be redeemed at a price equal to the liquidation preference ($100 per share) plus accrued and unpaid dividends. If paid in kind, dividends accrue at 8 3/4%. The difference between the carrying value of the 7 1/4% convertible preferred stock and its redemption value is being accreted to additional paid-in-capital through the mandatory redemption date, and this accretion is included in dividends and accretion applicable to preferred stock. Since this preferred stock is mandatorily redeemable, it is not classified within shareowners' equity.

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8. EARNINGS PER COMMON SHARE

Basic earnings per common share are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflects the potential dilution that would occur if common stock equivalents were exercised. The following table is a reconciliation of the numerators and denominators of the basic and diluted earnings per common share computations for income from continuing operations, before extraordinary items, for the following periods:

Shares and dollars in millions (except per share amounts) Year ended December 31	1999	1998	1997
Numerator:			
Income from continuing operations	$38.0	$81.8	$102.3
Preferred Stock dividends	2.1	--	--
Numerator for basic earnings per common share and earnings per common share assuming dilution - income applicable to common shareowners	$35.9	$81.8	$102.3
Denominator:			
Denominator for basic earnings per common share - weighted average common shares	144.3	136.0	135.2
Potential dilution:			
Stock options	5.6	1.7	1.9
Stock-based compensation arrangements	.8	.5	.6
Denominator for diluted earnings per common share	150.7	138.2	137.7
Basic earnings from continuing operations per common share	$.25	$.60	$.76
Earnings from continuing operations per common share assuming dilution	$.24	$.59	$.74

Options to purchase 4,107,471 weighted average shares of common stock at an average of $20.75 per share were outstanding during the year ended December 31, 1999, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. The 6 3/4% convertible debentures and 7 1/4% convertible preferred stocks are also excluded from the diluted EPS calculation because they are anti-dilutive. The inclusion of the convertible debentures and preferred stocks would have added 13.8 million and 9.5 million shares, respectively, to the denominator of the EPS calculation.

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9. INCOME TAXES

Income tax expense consists of the following:

Millions of dollars Year ended December 31	1999	1998	1997
Current:			
Federal	$52.3	$51.1	$57.3
State and local	6.9	7.6	4.3
Total current	59.2	58.7	61.6
Deferred:			
Federal	(21.2)	(12.1)	(5.0)
State and local	(3.5)	(0.7)	0.9
Total deferred	(24.7)	(12.8)	(4.1)
Investment tax credits	(1.2)	(1.6)	(1.2)
Total	$33.3	$44.3	$56.3

Income taxes decreased $11 million in comparison to the prior year as a function of lower pre-tax income and the offsetting impact of nondeductible expenses such as goodwill amortization and preferred stock dividends.

The following is a reconciliation of the statutory Federal income tax rate with the effective tax rate for each year:

	1999	1998	1997
U.S. Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	3.4	3.3	0.9
Amortization of non-deductible intangible assets	4.6	--	--
Dividends on preferred stock	3.2	--	--
Investment and research tax credits	(0.9)	(1.6)	(1.5)
Other differences	1.4	(1.6)	1.1
Effective rate	46.7%	35.1%	35.5%

The income tax effects relating to other comprehensive income components were $104.0 million in 1999. These tax impacts were not significant in 1998 and 1997.

The components of the Company's deferred tax assets and liabilities are as follows:

Millions of dollars at December 31	1999	1998
Deferred tax assets:		
Loss carryforwards	$ 126.2	---
Unearned revenues	193.9	---
Investment in subsidiaries	46.5	9.6
Other	80.0	39.3
Total deferred tax asset	$ 446.6	$48.9
Deferred tax liabilities:		
Depreciation and amortization	$ 400.8	$22.3
Unrealized gain on investments	227.1	--
Other	4.6	--
Total deferred tax liabilities	$ 632.5	$22.3
Net deferred tax (liability) asset	$(185.9)	$26.6

The Company recorded gross deferred tax assets of approximately $346.3 million and gross deferred tax liabilities of approximately $484.3 million upon the Merger. Tax loss carryforwards will generally expire between 2001 and 2018. U.S. tax laws limit the annual utilization of tax loss carryforwards of acquired entities. These limitations should not materially impact the utilization of the tax carryforwards.

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10. EMPLOYEE BENEFIT PLANS

PENSIONS AND POST-RETIREMENT PLANS

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees and one supplementary, nonqualified, unfunded plan for certain senior managers.

The pension benefit formula for the management plan is a cash balance plan; the pension benefit is determined by a combination of compensation-based credits and annual guaranteed interest credits. The non-management pension is also a cash balance plan; the pension benefit is determined by a combination of service and job-classification-based credits and annual interest credits. Benefits for the supplementary plan are based on years of service and eligible pay. Funding of the management and non-management plans is achieved through contributions to an irrevocable trust fund. The contributions are determined using the aggregate cost method.

The Company uses the projected unit credit cost method for determining pension cost for financial reporting purposes. It accounts for certain benefits provided under early retirement packages, discussed in Note 3 as a special termination benefit.

The Company also provides health care and group life insurance benefits for retirees with a service pension. The Company funds its group life insurance benefits through Retirement Funding Accounts and funds health care benefits using Voluntary Employee Benefit Association (VEBA) trusts. It is the Company's practice to fund amounts as deemed appropriate from time to time. Contributions are subject to IRS limitations developed using the aggregate cost method. The associated plan assets are primarily equity securities and fixed income investments. The Company recorded an accrued post-retirement benefit liability of $44.9 million at December 31, 1999.

The following information relates to all Company non-contributory defined-benefit pension plans, post-retirement healthcare, and life insurance benefit plans.

Effective January 1, 1999, after the spin-off of Convergys, pension assets were divided between the pension trusts of the Company and Convergys so that each company's plans had the required assets to meet the minimum requirements set forth in applicable benefit and tax regulations. The remaining assets in excess of the minimum requirements were divided between the pension trusts of the Company and Convergys in accordance with the Employee Benefits Agreement between the two companies.

Pension and post-retirement benefit cost are as follows:

	Pension Benefits			Postretirement and Other Benefits		
Millions of dollars Year ended December 31	1999	1998	1997	1999	1998	1997
Service cost (benefits earned during the period)	$6.0	$4.8	$ 3.7	$1.8	$1.5	$1.3
Interest cost on projected benefit obligation	30.3	18.1	20.0	14.4	15.3	15.2
Expected return on plan assets	(37.8)	(23.3)	(23.0)	(10.3)	(9.4)	(7.3)
Settlement gains	--	--	(21.0)	--	--	--
Curtailment loss	--	1.4	0.2	--	--	--
Amortization of:						
Transition (asset)/obligation	(2.4)	(1.3)	(1.5)	4.9	4.9	4.9
Prior service cost	1.5	0.7	0.7	0.3	0.2	0.2
Net (gain)/loss	0.3	0.3	0.3	(0.3)	(0.2)	(0.1)
Actuarial net pension cost (income)	$ (2.1)	$ 0.7	$ (20.6)	$ 10.8	$ 12.3	$ 14.2

Reconciliation of the beginning and ending balance of the plans' funded status were:

	Pension Benefits		Postretirement and Other Benefits	
Millions of dollars Year ended December 31	1999	1998	1999	1998
Change in benefit obligation:				
Benefit obligation at January 1	$476.5	$457.5	$234.8	$222.3
Service cost	6.0	4.8	1.8	1.5
Interest cost	30.2	18.1	14.4	15.2
Amendments	8.9	1.4	(0.4)	--
Actuarial (gain) loss	(44.1)	34.3	(34.1)	12.3
Curtailment	--	0.9	--	--
Benefits paid	(42.8)	(40.5)	(15.3)	(16.5)
Benefit obligation at December 31	$434.7	$476.5	$201.2	$234.8
Change in plan assets:				

Fair value of plan assets at January 1	$579.3	$543.2	$127.9	$112.1
Actual return on plan assets	125.0	71.8	9.3	17.5
Employer contribution	4.7	4.8	13.4	14.8
Benefits paid	(42.8)	(40.5)	(15.3)	(16.5)
Fair value of plan assets at December 31	$666.2	$579.3	$135.3	$127.9
Reconciliation to Balance Sheet:				
Funded status	$231.5	$102.8	$(65.9)	$(106.9)
Unrecognized transition asset	(12.0)	(14.4)	62.9	68.6
Unrecognized prior service cost	26.6	19.2	2.7	2.6
Unrecognized net gain	(237.1)	(105.5)	(44.6)	(11.8)
Net amount recognized	$9.0	$2.1	$(44.9)	$(47.5)

The combined net prepaid benefit expense consists of:

Millions of dollars Year ended December 31	Pension Benefits 1999	1998
Prepaid benefit cost	$42.0	$38.2
Accrued benefit liability	(39.1)	(44.2)
Intangible asset	1.3	1.2
Accumulated other comprehensive income	4.8	6.9
Net amount recognized	$ 9.0	$ 2.1

At December 31, 1999 and 1998, Pension plan assets include $51.4 million in Company common stock and $52.8 million in Company and Convergys common stocks, respectively.

The following are the weighted average assumptions as of December 31:

	Pension Benefits			Other Benefits		
At December 31	1999	1998	1997	1999	1998	1997
Discount rate - projected benefit obligation	7.75 %	6.50%	7.00%	7.75%	6.50%	7.00%
Expected long-term rate of return on Pension and VEBA plan assets	8.25 %	8.25%	8.25%	8.25%	8.25%	8.25%
Expected long-term rate of return on retirement fund account assets	--	--	--	8.00%	8.00%	8.00%
Future compensation growth rate	4.50 %	4.00%	4.00%	4.50%	4.00%	4.00%

The assumed health care cost trend rate used to measure the post-retirement health benefit obligation at December 31, 1999, was 7.43% and is assumed to decrease gradually to 4.5% by the year 2004. In addition, a one percentage point change in assumed health care cost trend rates would have the following effect on the post-retirement benefit costs and obligation:

Millions of dollars	1% Increase	1% Decrease
1999 service and interest costs	$ 0.5	$ (0.4)
Post-retirement benefit obligation at December 31, 1999	$ 6.6	$ (5.8)

SAVINGS PLANS

The Company sponsors several defined contribution plans covering substantially all employees. The Company's contributions to the plans are based on matching a portion of the employee contributions or on a percentage of employee earnings or net income for the year. Total Company contributions to the defined contribution plans were $4.5 million, $4.0 million and $3.4 million for 1999, 1998, and 1997, respectively. These amounts exclude $6.8 million and $5.8 million in 1998 and 1997 respectively, related to the spin-off of Convergys.

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11. STOCK-BASED COMPENSATION PLANS

During 1999 and in prior years, certain employees of the Company were granted stock options and other stock-based awards under the Company's Long-Term Incentive Plan (Company LTIP). Under the Company LTIP, options are granted with exercise prices that are no less than market value of the stock at the grant date. Generally, stock options have ten-year terms and vesting terms of three to five years. There were no Company stock appreciation rights granted or outstanding during the three-year period ended December 31, 1999. The number of shares authorized and available for grant (excluding those granted in the Merger) under this plan were approximately 20 million and 8 million, respectively at December 31, 1999.

Effective December 31, 1998, awards outstanding under the Company LTIP were modified such that, for each Company option or share award, the holder also received a Convergys option or share award pursuant to Convergys' Long-Term Incentive Plan (Convergys LTIP). These Convergys stock options or share awards have the same vesting provisions, option periods and other terms and conditions as the original Company options. In addition, upon completion of the Merger, the historic IXC options were exchanged for Company options with the same vesting provisions, option periods, and other terms and conditions of the original IXC options.

The Company follows the disclosure-only provisions of SFAS 123, "Accounting for Stock-Based Compensation," but applies Accounting Principles Board Opinion 25 and related interpretations in accounting for its plans. If the Company had elected to recognize compensation cost for the issuance of the Company or Convergys options to employees based on the fair value at the grant dates for awards consistent with the method prescribed by SFAS 123, net income and earnings per share would have been impacted as follows:

Millions of dollars except per share amounts	Year ended December 31	1999	1998	1997
Net income (loss):				
As reported		$31.4	$149.9	$(16.4)
Pro forma compensation expense, net of tax benefits		(7.8)	(2.1)	(5.1)
Total pro forma		$23.6	$147.8	$(21.5)
Diluted earnings (loss) per share:				
As reported		$ .20	$ 1.08	$ (.12)
Pro forma		$ .14	$ 1.06	$ (.16)

The pro forma effect on net income (loss) for all periods shown above is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995. In addition, the pro forma disclosure for all periods shown does not take into consideration pro forma IXC option grants prior to the Merger. Additionally, the pro forma disclosure for 1998 includes incremental compensation expense based on the difference in the fair value of the replacement options issued at the date of the distribution to employees who held Company options.

The weighted average fair values at the date of grant for the Company options granted to employees during 1999 and 1998 were $8.40 and $8.73, respectively. Such amounts were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1999	1998	1997
Expected dividend yield	--	1.4%	1.8%
Expected volatility	48.0%	25.0%	29.9%
Risk-free interest rate	6.4%	5.7%	6.2%
Expected holding period -- years	4	4	4

Presented below is a summary of the status of outstanding Company stock options issued to employees, the issuance of Convergys options to Company option holders at the date of distribution, and related transactions:

	Shares	Weighted Average Exercise Price
Company options held by employees at January 1, 1997	2,518	$13.14
Granted	357	$30.01
Exercised	(196)	$10.08
Forfeited/expired	(15)	$23.90
Company options held by employees at December 31, 1997	2,664	$17.16
Granted	374	$31.25
Exercised	(124)	$12.02
Forfeited/expired	(80)	$28.26
Company options held by employees at December 31, 1998	2,834	$20.33
Effect of Convergys Split	4,450	$11.61
Company options held by employees at January 1, 1999	7,284	$8.72
Granted in IXC acquisition	14,583	$15.78
Granted to employees	11,341	$19.38
Exercised	(3,198)	$11.57
Forfeited/expired	(1,308)	$17.55
Company options held by employees at December 31, 1999	28,702	$15.81

The following table summarizes the status of Company stock options outstanding and exercisable at December 31, 1999:

Shares in thousands	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$1.440 to $12.981	7,785	6.14	$8.02	5,802	$6.80
$12.994 to $16.781	11,150	9.11	$16.13	2,515	$15.38
$17.500 to $25.406	7,993	9.36	$20.18	2,169	$20.48
$25.450 to $31.563	1,774	6.08	28.36	520	26.80

Total	28,702	$15.81	11,006	$12.40

Restricted stock awards during 1999, 1998 and 1997 were 739,250 shares, 320,000 shares, and 126,000 shares, respectively. The weighted average market value of the shares on the grant date were $17.37 in 1999 and, on a pre-spin-off basis, $32.59, and $29.48 in 1998 and 1997, respectively. Restricted stock awards generally vest within one to five years. Total compensation expense for restricted stock awards during 1999, 1998, and 1997 was $5.7 million, $.6 million and $.6 million, respectively.

On January 4, 1999, the Company announced stock option grants to each of its approximately 3,500 employees. According to the terms of this program, stock option grant recipients remaining with the Company until January 4, 2002, can exercise their options to purchase up to 500 common shares each. The exercise price for these options is $16.75 per share, the average of the opening and closing prices for the Company's common stock on the date of the grant. This plan includes a provision for option grants to future employees, in smaller amounts and at an exercise price based on the month of hire. Grant recipients must exercise their options prior to January 4, 2009. The Company does not expect a significant amount of dilution as a result of this grant.

12. DISCONTINUED OPERATIONS

On December 31, 1998, the Company completed the tax-free spin-off of its Convergys subsidiary by distributing shares of Convergys common stock to Company shareowners on a one-for-one basis, resulting in a $520.7 million reduction in the Company's common shareowners' equity in 1998.

For 1998 and all prior periods, the consolidated financial statements have been restated to reflect the disposition of Convergys as discontinued operations. Accordingly, the revenues, costs and expenses, assets and liabilities, and cash flows of Convergys have been reported as discontinued operations in the financial statements.

Summarized financial information for the discontinued operations is as follows:

Millions of dollars Year ended December 31	1998	1997
RESULTS OF OPERATIONS		
Revenues	$1,387.3	$922.3
Income before income taxes	118.3	138.3
Income taxes	49.2	47.0
Net income	$ 69.1	$ 91.3
FINANCIAL POSITION		
Current assets	$ 360.5	$265.8
Total assets	1,450.9	654.4
Current liabilities	697.9	216.7
Total liabilities	930.2	223.6
Net assets of discontinued operations	$ 520.7	$430.8

Income before income taxes includes allocated interest expense of $33.7 million and $5.4 million in 1998 and 1997, respectively. Interest expense was allocated based on the capital structure of Convergys anticipated at the date of distribution and the Company's weighted average interest rates. The effective tax rates for discontinued operations were 42% and 34%, respectively.

In 1998 and 1997, the Company had revenues from Convergys of $10.1 million and $18.6 million, respectively, resulting from the provision of communications and other services.

In 1998 and 1997, the Company incurred costs for services provided by Convergys of $49.8 million and $49.6 million, respectively, resulting from billing and customer management services.

The Company and Convergys entered into the Plan of Reorganization and Distribution Agreement (the Plan) dated July 20, 1998. The Plan provided, among other things, that the Company indemnify Convergys for all liabilities arising from the Company's business and operations and for all contingent liabilities related to the Company's business and operations otherwise assigned to the Company. The Plan provided for the equal sharing of contingent liabilities not allocated to one of the companies. In addition, the Company has a number of other agreements with Convergys regarding federal, state and local tax allocation and sharing, employee benefits, general services, billing and information services provided to the Company by Convergys, and telecommunications support services provided by the Company to Convergys.

13. DISCONTINUATION OF SFAS 71

In the fourth quarter of 1997, the Company determined that the application of SFAS 71, "Accounting for the Effects of Certain Types of Regulation", was no longer appropriate as a result of changes in CBT's competitive and regulatory environment. Accordingly, the application of SFAS 71 was discontinued at CBT, resulting in an extraordinary non-cash charge of $210.0 million, which is net of a related tax benefit of $129.2 million.

The components of the charge are as follows:

Millions of dollars	
Reduction in plant-related balances	$327.7
Elimination of other net regulatory assets and liabilities	11.5
Total pre-tax charge	$339.2
Total after-tax charge	$210.0

The change in plant balances primarily represents an increase in accumulated depreciation of $309.0 million for the removal of an embedded regulatory asset resulting from the use of regulatory lives for depreciation of plant assets which have typically been longer than the estimated economic lives. The adjustment was supported by a discounted cash flow analysis which estimated amounts of plant that may not be recoverable from future cash flows. The adjustment also included elimination of accumulated depreciation reserve deficiencies recognized by regulators and amortized as part of depreciation expense and an adjustment of approximately $9.5 million to fully depreciate analog switching equipment scheduled for replacement.

The discontinuance of SFAS 71 also required CBT to eliminate from its balance sheet the effects of any other actions of regulators that had been recognized as assets and liabilities pursuant to SFAS 71, but would not have been recognized as assets and liabilities by enterprises in general. Prior to the discontinuance of SFAS 71, CBT had recorded deferred income taxes (and a regulatory asset) based upon the cumulative amount of income tax benefits previously flowed through to ratepayers. The discontinuation of SFAS 71 at CBT had no effect on the accounting for the Company's other subsidiaries.

14. ADDITIONAL FINANCIAL INFORMATION

BALANCE SHEET

Millions of dollars Year ended December 31	1999	1998	Depreciable Lives (Yrs.)
PROPERTY PLANT AND EQUIPMENT, NET:			
Land and rights of way	$ 155.9	$ 5.0	0 - 30
Buildings and Leasehold Improvements	428.3	164.0	5 - 40
Telephone Plant	1,697.2	1,438.5	6 - 29
Transmission system	1,074.4	65.9	5 - 20
Furniture, vehicles, and other	225.7	187.4	8 - 15
Construction in Process	232.0	12.4	--
	3,813.5	1,873.2	
Less: Accumulated depreciation	1,312.6	1,175.0	
Property Plant and Equipment, Net	$2,500.9	$ 698.2	

Millions of dollars Year ended December 31	1999	1998	Amortization Lives (Yrs.)
GOODWILL AND OTHER INTANGIBLES:			
Goodwill	$2,247.7	$ 94.6	5 - 40
Assembled workforce	24.0	--	2 - 4
Installed customer base	373.0	--	2 - 20
Other Intangibles	60.6	14.3	3 - 40
	2,705.3	108.9	
Less: Accumulated amortization	(25.4)	(5.6)	
Goodwill and Other Intangibles	$2,679.9	$ 103.3	

Millions of dollars Year ended December 31	1999	1998
OTHER CURRENT LIABILITIES:		
Accrued payroll and benefits	$ 48.9	$ 33.9
Accrued interest	18.8	15.1
Accrued restructuring costs	30.2	0.5
Other current liabilities	59.6	44.3
Total	$ 157.5	$ 93.8
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized gain on investments	$ 170.0	--
Additional minimum pension liability	(3.1)	(6.7)
Total	$ 166.9	$ (6.7)

STATEMENT OF CASH FLOWS

Millions of dollars Year ended December 31	1999	1998	1997
CASH PAID FOR:			
Interest (net of amount capitalized)	$ 53.8	$ 26.8	$29.6
Income taxes (net of refunds)	$ 40.2	$ 81.4	$82.8
NONCASH INVESTING AND FINANCING ACTIVITIES:			
Common stock, warrants and options issued in purchase of business	$1,909.0	--	--
Preferred stock dividends	$ 12.0	--	--
Accretion of preferred stock	$ 2.4	--	--
Fiber exchange agreements	$ 2.7	--	--

15. BUSINESS SEGMENT INFORMATION

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

The Local Communications segment provides local, long distance, data networking and transport, Internet and payphone services, as well as sales of communications equipment, in southwestern Ohio, northern Kentucky, and southeastern Indiana. Services are marketed and sold to both residential and business customers and delivered via the Company's Cincinnati Bell Telephone and Zoomtown.com subsidiaries.

The Broadband segment utilizes an advanced, fiber-optic network to provide private line, switched access, data transport, Internet-based, and other services to end user customers. Additionally, excess network capacity is leased (in the form of indefeasible right-to-use agreements) to other telecommunications providers and to Internet service providers.

The Wireless segment holds the Company's Cincinnati Bell Wireless subsidiary (an 80%-owned venture with AT&T Wireless PCS, Inc.) which provides advanced digital personal communications and sales of related communications equipment to customers in its Greater Cincinnati and Dayton, Ohio operating areas.

The Directory segment sells directory advertising and information services primarily to business customers in the aforementioned area. This segment's identifiable product is the Yellow Pages directory delivered via the Company's Cincinnati Bell Directory subsidiary.

Other Communications combines the operations of Cincinnati Bell Long Distance (CBLD), Cincinnati Bell Supply (CBS), and Broadwing IT Consulting segments. CBLD resells long distance, voice, data, frame relay, and Internet access services to small- and medium-sized business customers in a regional area consisting mainly of six states. CBS sells new computers and resells telecommunications equipment in the secondary market, and Broadwing IT Consulting provides network integration and consulting services.

The Company evaluates performance of its segments and allocates resources to them based on EBITDA (earnings before interest, taxes, depreciation, amortization, and restructuring and other charges/credits). EBITDA is commonly used in the communications industry to measure operating performance. EBITDA is not intended to represent cash flows for the periods. Because EBITDA is not calculated identically by all companies, the amounts presented for the Company may not be comparable to similarly titled measures of other companies.

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e., at current market prices. The accounting policies of the business segments are the same as those described in Accounting Policies (see Note 1). Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense.

Millions of dollars Year ended December 31	1999	1998	1997
REVENUES			
Local Communications	$ 750.1	$ 718.4	$ 670.1
Broadband	99.0	--	--
Wireless	91.4	--	--
Directory	74.2	72.9	72.9
Other Communications	131.3	106.1	101.7
Intersegment	(14.9)	(12.3)	(10.2)
Total	$1,131.1	$ 885.1	$ 834.5
INTERSEGMENT REVENUES			
Local Communications	$ 6.8	$ 6.8	$ 6.0
Broadband	--	--	--
Wireless	--	--	--
Directory	0.4	0.4	--
Other Communications	7.7	5.1	4.2
Total	$ 14.9	$ 12.3	$ 10.2
EBITDA			
Local Communications	$ 320.8	$ 247.9	$ 246.3
Broadband	0.2	--	--
Wireless	(25.6)	(0.8)	(2.8)
Directory	27.2	25.5	25.0
Other Communications	3.0	14.6	17.2
Corporate and Eliminations	10.1	2.8	9.0
Total	$ 335.7	$ 290.0	$ 294.7
ASSETS			
Local Communications	$ 781.4	$ 749.5	$ 706.4
Broadband	5,154.0	--	--
Wireless	268.4	212.1	--
Directory	26.9	28.4	30.6
Other Communications	55.7	35.2	32.6
Corporate and Eliminations	222.2	15.8	74.7
Total	$6,508.6	$1,041.0	$ 844.3
CAPITAL ADDITIONS			
Local Communications	$ 152.2	$ 134.9	$ 140.0
Broadband	165.0	--	--
Wireless	55.9	2.2	1.5
Directory	0.2	0.1	--
Other Communications	8.1	3.9	5.6
Corporate	--	2.5	11.3
Total	$ 381.4	$ 143.6	$ 158.4
DEPRECIATION AND AMORTIZATION			
Local Communications	$ 113.8	$ 106.2	$ 120.6
Broadband	46.7	--	--

Wireless	14.3	--	--
Directory	0.1	0.1	--
Other Communications	6.1	3.7	3.3
Corporate	--	1.1	0.4
Total	$ 181.0	$ 111.1	$ 124.3

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate, where practicable, the fair value of each class of financial instruments:

Cash and cash equivalents, and short-term debt -- the carrying amount approximates fair value because of the short-term maturity of these instruments.

Accounts receivable and accounts payable - the carrying amounts reported in the balance sheets for accounts receivable and accounts payable approximate fair value.

Notes receivable - the carrying amounts reported in the balance sheet for notes receivable approximate fair value because of the short-term nature of the notes and because their interest rates are comparable to current rates.

Long-term debt -- the fair value is estimated based on year-end closing market prices of the Company's debt and of similar liabilities. The carrying amounts at December 31, 1999, and 1998 were $1,957.0 million and $340.0 million, respectively. The estimated fair values at December 31, 1999 and 1998 were $1,805.0 million and $355.1 million, respectively. Long-term debt also includes the forward sale of six million shares of PSINet common stock, as further described in Note 5. The Company is adjusting the carrying amount of this liability as required by the forward sale agreement. The carrying amount of this obligation at December 31, 1999 was $133.9 million.

Convertible preferred stock - the fair values of the 7 1/4% Convertible Preferred Stock and the 12 1/2% Exchangeable Preferred Stock were $285.8 million and $435.5 million, respectively, and were based on the trading values of these items at December 31, 1999.

Interest rate risk management --The Company is exposed to the impact of interest rate changes. The Company's objective is to manage the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. The Company continuously monitors the ratio of variable to fixed interest rate debt to maximize its total return. As of December 31, 1999, approximately 61% of debt was long-term, fixed-rate debt and approximately 39% was bank loans with variable interest rates.

17. CINCINNATI BELL TELEPHONE COMPANY

The following summarized financial information is for the Company's consolidated wholly owned subsidiary, Cincinnati Bell Telephone Company:

INCOME STATEMENT

Millions of dollars Year ended December 31	1999	1998	1997
Revenues	$750.1	$ 718.4	$ 670.1
Costs and expenses	$544.2	$ 576.6	$ 523.3
Net income before extraordinary item	$119.3	$ 81.7	$ 85.2
Net income (loss)	$119.3	$ 81.1	$ (124.8)

BALANCE SHEET

Millions of dollars at December 31	1999	1998
Current assets	$148.5	$ 151.6
Telephone plant - net	606.9	580.8
Other noncurrent assets	26.0	17.1
Total assets	$781.4	$ 749.5

Current liabilities	$161.6	$ 144.2
Noncurrent liabilities	45.1	38.7
Long-term debt	322.0	317.1
Shareowner's equity	252.7	249.5
Total liabilities and shareowner's equity	$781.4	$ 749.5

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

All adjustments necessary for a fair statement of income for each period have been included.

Millions of dollarsexcept per common share amounts	1st	2nd	3rd	4th	Total
1999					
REVENUES	$ 242.2	$ 253.6	$ 262.4	$ 372.9	$ 1,131.1
EBITDA	$ 77.6	$ 84.4	$ 91.6	$ 82.1	$ 335.7
OPERATING INCOME	$ 45.3	$ 51.8	$ 58.3	$ (11.6)	$ 143.8
INCOME FROM: CONTINUING OPERATIONS	$ 24.7	$ 28.3	$ 25.8	$ (40.8)	$ 38.0
EXTRAORDINARY ITEM	$ -	$ -	$ -	$ (6.6)	$ (6.6)
NET INCOME	$ 24.7	$ 28.3	$ 25.8	$ (47.4)	$ 31.4
BASIC EARNINGS PER COMMON SHARE	$ .18	$ .21	$ .19	$ (.29)	$ .20
DILUTED EARNINGS PER COMMON SHARE	$ .18	$ .20	$ .19	$ (.29)	$ .20

In the fourth quarter of 1999, the extraordinary item was for the early extinguishment of long-term debt associated with the Merger. This reduced net income by $6.6 million, or $.04 per common share, net of tax. The third quarter results have been restated to reflect an equity share of IXC's losses as part of the step acquisition that was finalized on November 9, 1999.

Millions of dollars except per common share amounts	1st	2nd	3rd	4th	Total
1998					
Revenues	$216.5	$219.5	$222.6	$ 226.5	$ 885.1
EBITDA	$ 68.1	$ 66.5	$ 75.5	$ 79.9	$ 290.0
Operating Income	$ 41.2	$ 39.5	$ 47.1	$ 52.2	$ 180.0
Income from: Continuing Operations	$ 22.5	$ 16.1	$ 21.0	$ 22.2	$ 81.8
Discontinued Operations, Net of Taxes	$ 0.3	$ 26.4	$ 27.4	$ 15.0	$ 69.1
Extraordinary Item	$ --	$ --	$ --	$ (1.0)	$ (1.0)
Net Income	$ 22.8	$ 42.5	$ 48.4	$ 36.2	$ 149.9
Basic Earnings Per Common Share	$ .17	$ .31	$ .36	$ .26	$ 1.10
Diluted Earnings Per Common Share	$ .16	$ .31	$ .35	$ .26	$ 1.08

In the fourth quarter of 1998, the extraordinary items were for the early extinguishment of long-term debt and a portion of a credit facility. Net of tax, this reduced net income by $1.0 million or $.01 per common share.

19. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS

The Company leases certain facilities and equipment used in its operations. Total rental expenses were approximately $23.4 million, $11.7 million and $10.5 million in 1999, 1998 and 1997, respectively.

At December 31, 1999, the total minimum annual rental commitments under noncancelable leases are as follows:

Millions of dollars	Operating Leases	Capital Leases
2000	$49.9	$ 7.5
2001	36.1	7.5
2002	27.8	7.4
2003	24.1	4.5
2004	10.6	4.7
Thereafter	20.1	36.3
Total	$168.6	67.9
Amount representing interest		32.0
Present value of net minimum lease payments		$35.9

COMMITMENTS

In order to satisfy the contractual commitments that Broadwing has entered into with respect to IRU agreements, approximately 1,700 fiber route miles must be constructed at an approximate cost of $82 million.

CONTINGENCIES

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims and other matters. Such matters are subject to many uncertainties and outcomes are not predictable with assurance.

The Company, as well as certain former members of IXC's board of directors, has been named as a defendant in five stockholder class action suits filed in the Delaware Court of Chancery (the Court). These suits were filed in July 1999 and pertain to the Company's recently completed merger with IXC. The complaints allege, among other things, that the defendants breached their fiduciary duties to IXC's former stockholders by failing to maximize stockholder value in connection with entering into the merger agreement and sought a court order enjoining completion of the merger. In an October 27, 1999 ruling, the Court denied plaintiffs' request for a preliminary injunction. The Merger has since closed and management believes that the performance of the Company's share price has rendered plaintiffs' arguments moot. While these suits currently remain outstanding and subject to further litigation, the Company does not believe any of plaintiffs' arguments have merit. The Company intends to continue exploring all available options to bring this matter to a close, including discussions toward a possible settlement.

A total of twenty-seven Equal Employment Opportunity Commission ("EEOC") charges were filed beginning in September 1999 by current Broadwing Telecommunications Inc. employees located in the Houston office (formerly Coastal Telephone, acquired by IXC in May 1999) alleging sexual harassment, race discrimination and retaliation. The Company is continuing its investigation of these charges and is cooperating with the EEOC. Many employee interviews have been conducted by the EEOC and discovery is ongoing at the present time.

In the course of closing Merger, the Company became aware of IXC's possible non-compliance with reporting requirements under certain federal environmental statutes. Since it was impossible to conduct a thorough investigation of all IXC facilities within the 10-day period required to take advantage of the EPA's self-policing policy, IXC, by letter dated November 8, 1999, elected to voluntarily disclose its possible non-compliance to the EPA. By letter dated January 19, 2000, the EPA determined that IXC appears to have satisfied the "prompt disclosure" requirement of the self-policing policy, and established a deadline of May 1, 2000 for the Company to complete its environmental audit of all IXC facilities and report any violations to the Agency. The Company intends to complete its environmental audit of these facilities within the time frame established by the

EPA and take whatever corrective actions are indicated.

The Company believes that the resolution of such matters for amounts in excess of those reflected in the consolidated financial statements would not likely have a materially adverse effect on the Company's financial condition.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No disagreements with accountants on any accounting or financial disclosure or auditing scope or procedure occurred during the period covered by this report.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item regarding directors of Broadwing can be found in the Proxy Statement for the Company's 2000 Annual Meeting of Shareholders, dated March 17, 2000, and incorporated herein by reference.

Information regarding executive officers required by Item 401 of Regulation S-K is furnished in a separate disclosure in Part I of this report under the caption "Executive Officers of the Registrant" since the registrant did not furnish such information in its definitive proxy statement prepared in accordance with Schedule 14A.

ITEMS 11 AND 12. EXECUTIVE COMPENSATION AND SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by these items can be found in the Proxy Statement for the Company's 2000 Annual Meeting of Shareholders dated March 17, 2000, and incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not Applicable.

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K.

EXHIBITS

Exhibits identified in parenthesis below, on file with the Securities and

Exchange Commission ("SEC"), are incorporated herein by reference as exhibits hereto.

Exhibit Number	DESCRIPTION
(2.1)(a)	Agreement and Plan of Merger, dated as of July 20, 1999, among Cincinnati Bell Inc., an Ohio corporation, IXC Communications, Inc., a Delaware corporation, and Ivory Merger Inc., a Delaware corporation. (Exhibit 2.1 to Form 8-K date of report July 23, 1999, File No. 1-8519).
(2.1)(b)	Amendment No. 1 dated as of October 13, 1999, among Cincinnati Bell Inc., an Ohio corporation, IXC Communications, Inc. a Delaware corporation, and Ivory Merger, Inc. a Delaware corporation, to the Agreement and Plan of Merger dated as of July 23, 1999, among Cincinnati Bell Inc., IXC Communications, Inc. and Ivory Merger Inc. (Exhibit 2.1 to Form 8-K, date of report October 14, 1999 File No. 1-8519).
(3)(a)	Amended Articles of Incorporation effective November 9, 1989. (Exhibit (3)(a) to Form 10-K for 1989, File No. 1-8519).
(3)(b)+	Certificate of Amendment by the Board of Directors to the Amended Articles of Incorporation including the description of each of the Cincinnati Bell 7 1/4% Junior Convertible Preferred Shares Due 2007 and the Cincinnati Bell 6 3/4% Cumulative Convertible Preferred Shares effective November 9, 1999.
(3)(c)	Amended Regulations of the registrant. (Exhibit 3.2 to Registration Statement No. 2-96054).
(4)(a)	Provisions of the Amended Articles of Incorporation and the Amended Regulations of the registrant which define the rights of holders of Common Shares and the Preferred Shares are incorporated by reference to such Amended Articles filed as Exhibits (3)(a) and 3(b) hereto and such Amended Regulations filed as Exhibit (3)(c) hereto.
(4)(b)(i)	Rights Agreement dated as of April 29, 1997, between the Company and The Fifth Third Bank which includes the form of Certificate of Amendment to the Amended Articles of Incorporation of the Company as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C (Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on May 1, 1997).
(4)(b)(ii)	Amendment No. 1 to the Rights Agreement dated as of July 20, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 1 of the Company's Registration Statement on Form 8-A filed on August 6, 1999).
(4)(b)(iii)	Amendment No. 2 to the Rights Agreement dated as of November 2, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 2 of the Company's Registration Statement on Form 8-A filed on

November 8, 1999).

(4)(c)(i)	Indenture dated July 1, 1993, between Cincinnati Bell Inc., Issuer, and The Bank of New York, Trustee, in connection with $50,000,000 of Cincinnati Bell Inc. 7 1/4% Notes Due June 15, 2023. (Exhibit 4-A to Form 8-K, date of report July 12, 1993, File No. 1-8519).
(4)(c)(ii)	Indenture dated August 1, 1962, between Cincinnati Bell Telephone Company and Bank of New York, Trustee (formerly, The Central Trust Company was trustee), in connection with $20,000,000 of Cincinnati Bell Telephone Company Forty Year 4 3/8% Debentures, Due August 1, 2002. (Exhibit 4(c)(iii) to Form 10-K for 1992, File No. 1-8519).

(4)(c)(iii)	Indenture dated as of October 27, 1993, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report October 27, 1993, File No. 1-8519).
(4)(c)(iv)	Indenture dated as of November 30, 1998 among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report November 30, 1998, File No. 1-8519).
(4)(c)(v)	Investment Agreement dated as of July 21, 1999, among Cincinnati Bell, Oak Hill Capital Partners L.P. and certain related parties of Oak Hill (Exhibit 4.9 to Form S-4 filed on September 13,1999, File No. 1-8519).
(4)(c)(vi)	Indenture dated as of July 21, 1999 among Cincinnati Bell Inc., and The Bank of New York, as Trustee (Exhibit 4.10 to Form S-3 filed on November 10, 19999, File No. 1-8519).
(4)(c)(vii)	No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request. (4)(b)(ii) Amendment No. 1 to the Rights Agreement dated as of July 20, 1999, between the Company and The Fifth Third Bank (Exhibit 1 to Amendment No. 1 of the Company's Registration Statement on Form 8-A filed on August 6, 1999).
(10)(i)(1)	Credit Agreement dated as of November 9, 1999 among Cincinnati Bell and IXCS as the Borrowers, Cincinnati Bell as Parent Guarantor, the Initial Lenders, Initial Issuing Banks and Swing Line Banks named herein, Bank of America, N.A., as Syndication Agent, Citicorp USA, Inc., as Administrative Agent, Credit

	Suisse First Boston and The Bank of New York, as Co-Documentation Agents, PNC Bank, N.A., as Agent and Salomon Smith Barney Inc. and Banc of America Securities LLC, as Joint Lead Arrangers. (Exhibit 10.1 to Form 8-K, date of report November 12, 1999, File No. 1-8519).
(10)(iii)(A)(1)*	Short Term Incentive Plan of Cincinnati Bell Inc., as amended January 1, 1995. (Exhibit (10)(iii)(A)(1)(i) to Form 10-K for 1995, File No. 1-8519).
(10)(iii)(A)(2)*	Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as amended and restated effective February 1, 1999. (Exhibit (10)(iii)(A)(2) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(3)(i)*	Cincinnati Bell Inc. Pension Program, as amended effective November 4, 1991. (Exhibit (10)(iii)(A)(4)(ii) to Form 10-K for 1994, File No. 1-8519).
(10)(iii)(A)(3)(ii)*	Cincinnati Bell Pension Program, as amended and restated effective March 3, 1997. (Exhibit (10)(iii)(A)(3)(ii) to Form 10-K for 1997, File No. 1-8519).
(10)(iii)(A)(4)*	Employment Agreement dated January 1, 1999 between the Company and Richard G. Ellenberger. (Exhibit (10)(iii)(A)(9) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(5)*	Employment Agreement effective January 1, 1999 between the Company and Kevin W. Mooney. (Exhibit (10)(iii)(A)(ii) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(6)*	Employment Agreement dated January 1, 1999 between the Company and Thomas E. Taylor. (Exhibit (10)(iii)(A)(12) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(7)*	Employment Agreement effective April 9, 1999 between the Company and Richard S. Pontin. (Exhibit (10)(iii)(A)(1) to Form 10-Q for the quarter ended June 30, 1999, File No. 1-8519).
(10)(iii)(A)(8)*+	Employment Agreement dated January 1, 1999 between the Company and John F. Cassidy.
(10)(iii)(A)(9)*	Cincinnati Bell Inc. Executive Deferred Compensation Plan, as amended and restated effective October 25, 1998. (Exhibit (10)(iii)(A)(13) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(10)*	Cincinnati Bell Inc. 1997 Long Term Incentive Plan. (Exhibit (10)(iii)(A)(14)(iii) to Form 10-K for 1997, File No. 1-8519).

(10)(iii)(A)(11)*	Cincinnati Bell Inc. 1997 Stock Option Plan for

	Non-Employee Directors, as revised and restated effective February 1, 1999. (Exhibit (10)(iii)(A)(15) to Form 10-K for 1998, File No. 1-8519).
(10)(iii)(A)(12)*	Cincinnati Bell Inc. 1989 Stock Option Plan. (Exhibit (10)(iii)(A)(14) to Form 10-K for 1989, File No. 1-8519).
(12)+	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
(21)+	Subsidiaries of the Registrant.
(23)+	Consent of Independent Accountants.
(24)+	Powers of Attorney.
(27.1, 27.2, 27.3)	Financial Data Schedules.

+ Filed herewith.

* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

The Company will furnish, without charge, to a security holder upon request, a copy of the Proxy Statement, portions of which are incorporated by reference, and will furnish any other exhibit at cost.

REPORTS ON FORM 8-K.

Form 8-K, date of report October 13, 1999, reporting that certain sections of the Company's merger agreement with IXC Communications, Inc. had been amended in response to a decision of the Delaware Court of Chancery in the case of Phelps Dodge Corporation vs. Cyprus Amax Minerals Company. The Company's merger agreement with IXC Communications, Inc was previously filed in a Form 8-K, date of report July 23, 1999.

Form 8-K, date of report October 22, 1999, reporting on the Company's results of operations for the three months ended September 30, 1999.

Form 8-K, date of report November 8, 1999, setting forth certain historical financial statements of the Company's merger partner, IXC Communications, Inc.

Form 8-K, date of report November 12, 1999, reporting that the Company's merger with IXC Communications, Inc. was successfully completed on November 9, 1999.

Form 8-K, date of report December 30, 1999, setting forth certain historical financial statements of IXC Communications, Inc.

Form 8-K, date of report December 30, 1999, setting forth certain proforma historical financial statements of the Company and IXC Communications, Inc.

SCHEDULE II

BROADWING INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(MILLIONS OF DOLLARS)

	Balance at Beginning of Period	Additions: Charged to Expenses	Additions: Charged to Other Accounts	Deductions	Balance At End of Period
ALLOWANCE FOR DOUBTFUL ACCOUNTS					
Year 1999	$12.0	$21.1	$51.6(a)	$31.1(b)	$53.6
Year 1998	$ 9.1	$18.1	$11.0(a)	$26.2(b)	$12.0
Year 1997	$ 6.1	$12.2	$ 5.5(a)	$14.7(b)	$ 9.1
RESERVES RELATED TO BUSINESS RESTRUCTURING					
Year 1999	$ .5	$10.9	$33.9(c)	$15.1	$30.2
Year 1998	$ 5.3	$ --	$ --	$ 4.8	$ .5
Year 1997	$ 8.7	$ --	$ --	$ 3.4	$ 5.3

(a) Primarily includes amounts previously written off which were credited directly to this account when recovered and an allocation of the purchase price for receivables purchased from Interexchange Carriers. In 1999, amounts include $45.3 million assumed on 11/9/99 as part of the Company's merger with IXC Communications, Inc. (IXC).

(b) Primarily includes amounts written off as uncollectible.

(c) Includes amounts assumed as part of the Company's merger with IXC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CINCINNATI BELL INC.

March 17, 2000

By /s/Kevin W. Mooney
Kevin W. Mooney
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
RICHARD G. ELLENBERGER* --------------------------------- Richard G. Ellenberger	Principal Executive Officer; President, Chief Executive Officer and Director	
KEVIN W. MOONEY* --------------------------------- Kevin W. Mooney	Principal Accounting and Financial Officer; Executive Vice President and Chief Financial Officer	
PHILLIP R. COX* --------------------------------- Phillip R. Cox	Director	
J. TAYLOR CRANDALL* --------------------------------- J. Taylor Crandall	Director	
WILLIAM A. FRIEDLANDER* --------------------------------- William A. Friedlander	Director	
KAREN M. HOGUET* --------------------------------- Karen M. Hoguet	Director	
RICHARD D. IRWIN* --------------------------------- Richard D. Irwin	Director	
JAMES D. KIGGEN* --------------------------------- James D. Kiggen	Chairman of the Board and Director	
JOHN T. LAMACCHIA* --------------------------------- John T. LaMacchia	Director	
DANIEL J. MEYER* --------------------------------- Daniel J. Meyer	Director	
MARY D. NELSON* --------------------------------- Mary D. Nelson	Director	
DAVID B. SHARROCK* --------------------------------- David B. Sharrock	Director	
JOHN M. ZRNO* --------------------------------- John M. Zrno	Director	

*By: /s/ Kevin W. Mooney — March 17, 2000
Kevin W. Mooney
as attorney-in-fact and on his behalf
as Chief Financial Officer

Exhibit (3)(b)

CERTIFICATE OF AMENDMENT
BY THE BOARD OF DIRECTORS
TO THE
AMENDED ARTICLES OF INCORPORATION OF
CINCINNATI BELL INC.

Thomas E. Taylor, who is the General Counsel and Secretary of Cincinnati Bell Inc., an Ohio corporation, hereby certifies that at a meeting of the board of directors of Cincinnati Bell Inc., duly called and held on October 26, 1999, the following resolution was unanimously adopted pursuant to Section 1701.70(B) of the Ohio Revised Code:

RESOLVED, that, pursuant to the authority vested in the Board of Directors of the corporation in accordance with the provisions of the Ohio General Corporation Law, as amended, and by Article Fourth of the corporation's Amended Articles of Incorporation, such Article Fourth is amended as follows:

(i) (a) All references to "100" in Paragraph 9 thereto are deleted and (b) the number "1000" is substituted therefor.

(ii) A new Paragraph 11 and a new Paragraph 12 are added providing for a series of 7 1/4% Junior Convertible Preferred Shares Due 2007 and a series of 6 3/4% Cumulative Convertible Preferred Shares, respectively, and that the designations and the authorized number of shares of, and the relative rights, preferences and limitations of, each such series are as set forth on Annexes 1 and 2, respectively, hereto.

IN WITNESS WHEREOF, the above named officer, acting for and on behalf of the corporation, has hereunto subscribed his name on November 5, 1999.

By:

Title: General Counsel and Secretary

ANNEX 1

11. Of the 4,000,000 Voting Preferred Shares of the corporation, 1,400,000 shall constitute a series of Voting Preferred Shares designated as 7 1/4% Junior Convertible Preferred Shares Due 2007 (the "7 1/4% Preferred Shares") with a Liquidation Preference of $100 per share (the "Liquidation Preference"), and have, subject and in addition to the other provisions of this Article Fourth, the following relative rights, preferences and limitations:

(1) RANK. The 7 1/4% Preferred Shares will, with respect to dividend rights and rights on liquidation, winding-up and dissolution, rank (i) senior to all classes of Common Shares and to each other class or series of Preferred Shares established hereafter by the Board of Directors, the terms of which do not expressly provide that it ranks senior to, or on a parity with, the 7 1/4% Preferred Shares as to dividend rights and rights on liquidation, winding-up and dissolution of the corporation (collectively referred to, together with all classes of Common Shares of the corporation, as "Junior Shares"); (ii) on a parity with each other class or series of Preferred Shares established hereafter by the Board of Directors, the terms of which expressly provide that such class or series will rank on a parity with the 7 1/4% Preferred Shares as to dividend rights and rights on

liquidation, winding-up and dissolution of the corporation (collectively referred to as "Parity Shares"); and (iii) junior to each class or series of Preferred Shares established hereafter by the Board of Directors, the terms of which hereafter established classes or series expressly provide that such class or series will rank senior to the 7 1/4% Preferred Shares as to dividend rights or rights on liquidation, winding-up and dissolution of the corporation (collectively referred to as "Senior Shares"). The corporation may not authorize, create or increase the authorized amount of any class or series of Senior Shares without the approval of the Holders of at least two-thirds of the outstanding 7 1/4% Preferred Shares, voting as one class. All claims of the Holders of the 7 1/4% Preferred Shares, including claims with respect to dividend payments, redemption payments, mandatory repurchase payments or rights upon liquidation, winding-up or dissolution of the corporation, shall rank junior to the claims of the holders of any debt of the corporation and all other creditors of the corporation.

(2) DIVIDENDS. (i) Holders of the outstanding 7 1/4% Preferred Shares will be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, dividends on each 7 1/4% Preferred Share at a rate per annum equal to 7 1/4% of the Liquidation Preference of such share payable quarterly (each such quarterly period being herein called a "Dividend Period").

In addition to the dividends described in the preceding sentence, a Holder of any outstanding 7 1/4% Preferred Shares will be entitled to (A) additional dividends (the "Additional Dividends"), when, as and if declared by the Board of Directors, out of funds legally available therefor, with respect to the 7 1/4% Preferred Shares, which Additional Dividends shall accrue as follows if such Holder becomes unable to sell or transfer outstanding 7 1/4% Preferred Shares (including Common Shares received upon conversion of the 7 1/4% Preferred Shares) without filing a registration statement under the Securities Act (such event a "Registration Default") and (B) a dividend in an additional amount (the "Supplemental Dividend"), to the extent not previously paid on the 7 1/4% Preferred Shares, equal to all accumulated and unpaid dividends on the shares of IXC 7 1/4% Preferred Stock (as defined) outstanding on the effective date of the merger of Ivory Merger Inc., a wholly-owned Subsidiary of the corporation ("Ivory Merger"), with and into IXC Communications, Inc. ("IXC"), pursuant to which outstanding shares of IXC 7 1/4% Preferred Stock were converted into the right to receive 7 1/4% Preferred Shares. The Supplemental Dividend, until paid by the corporation on the 7 1/4% Preferred Shares, shall for all purposes of this Article Fourth be deemed included with the accrued and unpaid dividends on the 7 1/4% Preferred Shares.

Additional Dividends shall accrue on 7 1/4% Preferred Shares which trigger a Registration Default from and including the date on which any such Registration Default shall occur, but

excluding the date on which such Registration Default has been cured, at a rate of 7 3/4% per annum.

A Registration Default shall be deemed not to have occurred if (x) the Holder is an "affiliate" as defined under the Securities Act, (y) such Registration Default has occurred solely as a result of (1) the filing of a post-effective amendment to the S-4 Registration Statement (as defined) or (2) other material events with respect to the corporation that would need to be described in the S-4 Registration Statement or the related prospectus and (z) in the case of clause (2), the corporation proceeds promptly and in good faith to amend or supplement the S-4 Registration Statement and related prospectus to describe such events unless the corporation has determined in good faith that there are material legal or commercial impediments in doing so; PROVIDED, HOWEVER, that in the case of clauses (y) and (z), if such Registration Default occurs for a continuous period in excess of 45 days, Additional Dividends shall be payable in accordance with the immediately preceding paragraphs of this paragraph (2)(i) from the day such Registration

Default initially occurs until such Registration Default is cured.

Any amounts of Additional Dividends due pursuant to this paragraph (2)(i) or pursuant to the proviso contained in the preceding sentence, and any amounts of Supplemental Dividends due pursuant to this paragraph 2(i) will be payable on the regular dividend payment dates with respect to the 7 1/4% Preferred Shares and on the same terms and conditions and subject to the same limitations as pertain at such time for the payment of regular dividends. The amount of Additional Dividends will be determined by multiplying the applicable Additional Dividends rate by the aggregate liquidation preference of the outstanding 7 1/4% Preferred Shares, multiplied by a fraction, the numerator of which is the number of days such Additional Dividend rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

All dividends on the 7 1/4% Preferred Shares, including Additional Dividends and Supplemental Dividends, to the extent accrued, shall be cumulative, whether or not earned or declared, on a daily basis from the Issue Date or, in the case of additional 7 1/4% Preferred Shares issued in payment of a dividend, from the date of issuance of such additional 7 1/4% Preferred Shares, and shall be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each a "Dividend Payment Date"), to Holders of record on the March 15, June 15, September 15 and December 15 immediately preceding the relevant Dividend Payment Date. All dividends shall be payable in cash; PROVIDED, HOWEVER, that to the extent and for so long as the corporation is prohibited by the terms of any of its indebtedness then outstanding of the corporation or any agreement or instrument to which the corporation is then subject, from paying cash dividends on the 7 1/4% Preferred Shares, such dividends will accrue on each share at the rate per annum equal to 8 3/4% of the Liquidation Preference per share (instead of the 7 1/4% rate set forth in the first paragraph of this paragraph (2)(i)) (together with any Additional Dividends then payable and the Supplemental Dividend, which for purposes of this paragraph shall be payable at a rate of 0.50% over and above the 8 3/4% rate) payable through the issuance of a number of additional shares (rounded to the nearest whole share) of 7 1/4% Preferred Shares (the "Additional Shares") equal to the dividend amount on such share divided by the Liquidation Preference of such Additional Shares on the relevant Dividend Payment Date. Except as provided herein, accrued and unpaid dividends, if any, will not bear interest or bear dividends thereon.

(ii) All dividends paid with respect to the 7 1/4% Preferred Shares pursuant to paragraph (2)(i) shall be paid pro rata to the Holders entitled thereto.

(iii) No full dividends may be declared or paid or set apart for the payment of dividends by the corporation on any Parity Shares for any period unless full cumulative dividends in respect of each Dividend Period ending on or before such period shall have been or contemporaneously are declared and paid (or are deemed declared and paid) in full or declared and, if payable in cash, a sum in cash sufficient for such payment is set apart for such payment on the 7 1/4% Preferred Shares. If full dividends are not so paid, the 7 1/4% Preferred Shares will share dividends pro rata with the Parity Shares.

(iv) The corporation will not (A) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Shares or (B) redeem, purchase or otherwise acquire for consideration any Junior Shares through a sinking fund or otherwise, unless (1) all accrued and unpaid dividends with respect to the 7 1/4% Preferred Shares and any Parity Shares at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends and (2) sufficient funds have been paid or set apart for the payment of the dividend for the current dividend period with respect to the 7 1/4% Preferred Shares and any Parity Shares. As used herein, the term "dividend" does not include dividends payable solely in Junior Shares on Junior Shares or in options, warrants or rights to holders of Junior Shares to subscribe or purchase any Junior Shares.

(v) Dividends on account of arrears for any past Dividend Period and dividends in connection with any optional redemption may be declared and paid at any time, without reference to any regular Dividend Payment Date, to Holders of record on such date, not more than 45 days prior to the payment thereof, as may be fixed by the Board of Directors of the corporation.

(vi) Dividends payable on the 7 1/4% Preferred Shares for any period other than a Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual number of days elapsed in the period for which payable. Dividends payable on the 7 1/4% Preferred Shares for a full Dividend Period will be computed by dividing the per annum dividend rate by four.

(vii) Certificates of Common Shares relating to 7 1/4% Preferred Shares surrendered for conversion by a registered Holder during the period from the close of business on any regular record date next preceding any Dividend Payment Date to the opening of business on such Dividend Payment Date (except 7 1/4% Preferred Shares called for redemption on a Redemption Date within such period) must be accompanied by payment in cash of an amount equal to the accrued but unpaid dividends thereon which such registered Holder is to receive on such Dividend Payment Date with respect to the 7 1/4% Preferred Shares so surrendered.

(3) LIQUIDATION PREFERENCE. (i) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the corporation, Holders of 7 1/4% Preferred Shares will be entitled to be paid, out of the assets of the corporation available for distribution to its shareholders, the Liquidation Preference of the outstanding 7 1/4% Preferred Shares, plus, without duplication, an

amount in cash equal to all accumulated and unpaid dividends (whether or not earned or declared and including Additional Dividends and Supplemental Dividends, if any) thereon to the date fixed for liquidation, dissolution or winding-up of the corporation (including an amount equal to a prorated dividend for the period from the last Dividend Payment Date to the date fixed for liquidation, dissolution or winding-up of the corporation that would have been payable had the 7 1/4% Preferred Shares been the subject of an Optional Redemption on such date) before any distribution is made on any Junior Shares. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of the corporation, the amounts payable with respect to the 7 1/4% Preferred Shares and all Parity Shares are not paid in full, the 7 1/4% Preferred Shares and the Parity Shares will share equally and ratably (in proportion to the respective amounts that would be payable on such 7 1/4% Preferred Shares and the Parity Shares, respectively, if all amounts payable thereon had been paid in full) in any distribution of assets of the corporation to which each is entitled. After payment of the full amount of the Liquidation Preference of the outstanding 7 1/4% Preferred Shares (and, if applicable, an amount equal to a prorated dividend), the Holders of 7 1/4% Preferred Shares will not be entitled to any further participation in any distribution of assets of the corporation.

(ii) For the purposes of this paragraph (3), neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the corporation nor the consolidation or merger of the corporation with or into one or more other entities shall be deemed to be a liquidation, dissolution or winding-up of the corporation.

(4) REDEMPTION. (i) OPTIONAL REDEMPTION. (A) The 7 1/4% Preferred Shares shall not be redeemable prior to April 3, 2000. On or after April 3, 2000, each 7 1/4% Preferred Share may be redeemed (subject to the legal availability of funds therefor) at any time, in whole or in part, at the option of the corporation, at the redemption prices (expressed as a

percentage of the Liquidation Preference of such share) set forth below, plus, without duplication, an amount in cash equal to all accrued and unpaid Liquidated Damages and all accrued and unpaid dividends to the date fixed for redemption (the "Optional Redemption Date") (including the Supplemental Dividend and an amount in cash equal to a prorated dividend for the period from the Dividend Payment Date immediately prior to the Optional Redemption Date) (the "Optional Redemption Price"). Notwithstanding the foregoing, prior to April 1, 2002, the corporation shall only have the option to redeem 7 1/4% Preferred Shares if, during the period of 30 consecutive Trading Days ending on the Trading Day immediately preceding the date that the Redemption Notice is mailed to Holders, the Closing Bid Price for the Common Shares exceeded 150% of the Conversion Price effective on the date of such Redemption Notice for at least 20 of such Trading Days. If redeemed during the 12-month period beginning April 1 of each of the years set forth below (or in the case of the year 2000, April 3), the Optional Redemption Price per share shall be the applicable percentage of the Liquidation Preference of such share set forth below plus, without duplication, in each case, an amount in cash equal to all accrued and unpaid Liquidated Damages and all accrued and unpaid dividends (including an amount equal to a prorated dividend from the immediately preceding Dividend Payment Date to the Optional Redemption Date), if any, to the Optional Redemption Date:

YEAR IN WHICH REDEMPTION OCCURS	PERCENTAGE
2000	104.83%

2001	104.03%
2002	103.22%
2003	102.42%
2004	101.61%
2005	100.81%
2006	100.00%

(B) In the event of a redemption of only a portion of the outstanding 7 1/4% Preferred Shares, the corporation shall effect such redemption on a pro rata basis, except that the corporation may redeem all of the shares held by Holders of fewer than 100 shares (or all of the shares held by Holders who would hold less than 100 shares as a result of such redemption), as may be determined by the corporation.

(ii) MANDATORY REDEMPTION. Each 7 1/4% Preferred Share (if not earlier redeemed or converted) shall be subject to mandatory redemption in whole (to the extent of lawfully available funds therefor) on March 31, 2007 (the "Mandatory Redemption Date") at a price equal to 100% of the Liquidation Preference of such share, plus, without duplication, all accrued and unpaid Liquidated Damages and all accrued and unpaid dividends thereon (including the Supplemental Dividend and an amount equal to a prorated dividend thereon from the immediately preceding Dividend Payment Date to the Mandatory Redemption Date), if any, to the Mandatory Redemption Date (the "Mandatory Redemption Price").

(iii) PROCEDURE FOR REDEMPTION. (A) On and after the Optional Redemption Date or the Mandatory Redemption Date, as the case may be (the"Redemption Date"), unless the corporation defaults in the payment of the applicable redemption price, dividends will cease to accumulate on 7 1/4% Preferred Shares called for redemption and all rights of Holders of such shares will terminate except for the right to receive the Optional Redemption

Price or the Mandatory Redemption Price, as the case may be, without interest; PROVIDED, HOWEVER, that if a notice of redemption shall have been given as provided in paragraph (iii)(B) and the funds necessary for redemption (including the Supplemental Dividend and an amount in respect of all dividends that will accrue to the Redemption Date) shall have been segregated and irrevocably set apart by the corporation, in trust for the benefit of the Holders of the shares called for redemption, then dividends shall cease to accumulate on the Redemption Date on the shares to be redeemed and, at the close of business on the day on which such funds are segregated and set apart, the Holders of the shares to be redeemed shall, with respect to the shares to be redeemed, cease to be shareholders of the corporation and shall be entitled only to receive the Optional Redemption Price or the Mandatory Redemption Price, as the case may be, for such shares without interest from the Redemption Date.

(B) With respect to a redemption pursuant to paragraph (4)(i) or (4)(ii), the corporation will send a written notice of redemption by first class mail to each Holder of record of 7 1/4% Preferred Shares, not fewer than 15 days nor more than 60 days prior to the Redemption Date at its registered address (the "Redemption Notice"); PROVIDED, HOWEVER, that no failure to give such notice nor any deficiency therein shall affect the validity of the procedure for the redemption of any 7 1/4% Preferred Shares to be redeemed except as to the Holder or Holders to whom the corporation has failed to give said notice or except as to the Holder or Holders whose notice was defective. The Redemption Notice shall state:

(1) whether the redemption is pursuant to paragraph (4)(i) or (4)(ii) hereof;

(2) the Optional Redemption Price or the Mandatory Redemption Price, as the case may be;

(3) whether all or less than all the outstanding 7 1/4% Preferred Shares are to be redeemed and the total number of 7 1/4% Preferred Shares being redeemed;

(4) the Redemption Date;

(5) that the Holder is to surrender to the corporation, in the manner, at the place or places and at the price designated, his certificate or certificates representing the 7 1/4% Preferred Shares to be redeemed; and

(6) that dividends on the 7 1/4% Preferred Shares to be redeemed shall cease to accumulate on such Redemption Date unless the corporation defaults in the payment of the Optional Redemption Price or the Mandatory Redemption Price, as the case may be.

(C) Each Holder of 7 1/4% Preferred Shares shall surrender the certificate or certificates representing such 7 1/4% Preferred Shares to the corporation, duly endorsed (or otherwise in proper form for transfer, as determined by the corporation), in the manner and at the place designated in the Redemption Notice, and on the Redemption Date the full Optional Redemption Price or Mandatory Redemption Price, as the case may be, for such shares shall be payable in cash to the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event that less than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(5) VOTING RIGHTS. (i) Each Holder of 7 1/4% Preferred Shares, except as required under Ohio law or as set forth in paragraphs (ii) and (iii) below, shall be entitled to one vote for each 7 1/4% Preferred Share held by such Holder on any matter required or permitted to be voted upon by

the shareholders of the corporation.

(ii) (A) If (1) dividends on the 7 1/4% Preferred Shares are in arrears and unpaid for six or more Dividend Periods (whether or not consecutive) (a "Dividend Default"); or (2) the corporation fails to redeem the 7 1/4% Preferred Shares on March 31, 2007, or fails to otherwise discharge any redemption obligation with respect to the 7 1/4% Preferred Shares, then the number of directors constituting the Board of Directors will be increased by two and the Holders of the outstanding 7 1/4% Preferred Shares (together with the holders of Parity Shares upon which like rights have been conferred and are exercisable), voting separately and as a class, shall have the right and power to elect such two additional directors. Each such event described in clause (1) or (2) above is a "Voting Rights

Triggering Event". A Voting Rights Triggering Event shall not be deemed to have occurred if at the time of such event there are less than 200,000 outstanding 7 1/4% Preferred Shares.

(B) The voting rights set forth in subparagraph (5)(ii)(A) above will continue until such time as (x) in the case of a Dividend Default, all dividends in arrears on the 7 1/4% Preferred Shares are paid in full in cash, (y) in all other cases, any failure, breach or default giving rise to such Voting Rights Triggering Event is remedied or waived by the Holders of at least two-thirds of the outstanding 7 1/4% Preferred Shares or (z) at any time there are less than 200,000 outstanding 7 1/4% Preferred Shares, at which time the term of any directors elected pursuant to the provisions of subparagraph (5)(ii)(A) above shall terminate and the number of directors constituting the Board of Directors shall be decreased by two (until the occurrence of any subsequent Voting Rights Triggering Event). At any time after voting power to elect directors shall have become vested and be continuing in the Holders of 7 1/4% Preferred Shares (together with the holders of Parity Shares upon which like rights have been conferred and are exercisable) pursuant to subparagraph (5)(ii)(A) hereof, or if vacancies shall exist in the offices of directors elected by such holders, a proper officer of the corporation may, and upon the written request of the Holders of record of at least 25% of the outstanding 7 1/4% Preferred Shares or the holders of 25% of the outstanding Parity Shares upon which like rights have been confirmed and are exercisable addressed to the Secretary of the corporation shall, call a special meeting of the Holders of 7 1/4% Preferred Shares and the holders of such Parity Shares for the purpose of electing the directors which such holders are entitled to elect pursuant to the terms hereof; PROVIDED, HOWEVER, that no such special meeting shall be called if the next annual meeting of shareholders of the corporation is to be held within 60 days after the voting power to elect directors shall have become vested, in which case such meeting shall be deemed to have been called for such next annual meeting. If such meeting shall not be called by a proper officer of the corporation within 20 days after personal service to the Secretary of the corporation at its principal executive offices, then the Holders of record of at least 25% of the outstanding 7 1/4% Preferred Shares or the holders of 25% of the Parity Shares upon which like rights have been confirmed and are exercisable may designate in writing one of their members to call such meeting at the expense of the corporation, and such meeting may be called by the person so designated upon the notice required for the annual meetings of shareholders of the corporation and shall be held at the place for holding the annual meetings of shareholders. Any holder of 7 1/4% Preferred Shares or such Parity Shares so designated shall have, and the corporation shall provide, access to the lists of Holders of 7 1/4% Preferred Shares and the holders of such Parity Shares to be called pursuant to the provisions hereof. If no special meeting of the Holders of 7 1/4% Preferred Shares and the holders of such Parity Shares is called as provided in this paragraph (5)(ii), then such meeting shall be deemed to have been called for the next annual meeting of shareholders of the corporation or special meeting of the holders of any other capital shares of the corporation.

(C) At any meeting held for the purposes of electing directors at which the Holders of 7 1/4% Preferred Shares (together with the holders of Parity Shares upon which like rights have been conferred and are exercisable) shall have the right, voting together as a separate class, to elect directors as aforesaid, the presence in person or by proxy of the Holders of at least a majority in voting power of the outstanding 7 1/4% Preferred Shares (and such Parity Shares) shall be required to constitute a quorum thereof.

(D) Any vacancy occurring in the office of a director elected by the Holders of 7 1/4% Preferred Shares (and such Parity Shares) may be filled by the remaining director elected by the Holders of 7 1/4% Preferred Shares (and such Parity Shares) unless and until such vacancy shall be filled by the Holders of 7 1/4% Preferred Shares (and such Parity Shares).

(iii) (A) So long as any of the 7 1/4% Preferred Shares are outstanding, the corporation will not authorize, create or increase the authorized amount of any class or series of Senior Shares without the affirmative vote of Holders of at least two-thirds of the outstanding 7 1/4% Preferred Shares, voting as one class, given in person or by proxy, either in writing or by resolution adopted at an annual or special meeting.

(B) So long as any 7 1/4% Preferred Shares are outstanding, the corporation will not amend this Article Fourth so as to affect adversely the specified rights, preferences, privileges or voting rights of Holders of 7 1/4% Preferred Shares or to authorize the issuance of any additional 7 1/4% Preferred Shares (except to authorize the issuance of additional 7 1/4% Preferred Shares to be paid as dividends on the 7 1/4% Preferred Shares, for which no vote shall be necessary) without the affirmative vote of Holders of at least two-thirds of the issued and outstanding shares of 7 1/4% Preferred Shares, voting as one class, given in person or by proxy, either in writing or by resolution adopted at an annual or special meeting.

(C) Except as set forth in paragraph (5)(iii)(A) or (B) above or as otherwise required by Ohio law, (x) the creation, authorization or issuance of any Junior Shares, Parity Shares or Senior Shares, including the designation of a series of 7 1/4% Preferred Shares, or (y) the increase or decrease in the amount of authorized capital shares of any class, including Preferred Shares, shall not require the vote of Holders of 7 1/4% Preferred Shares and shall not be deemed to affect adversely the rights, preferences, privileges or voting rights of Holders of 7 1/4% Preferred Shares.

(iv) In any case in which the Holders of 7 1/4% Preferred Shares shall be entitled to vote pursuant to this paragraph (5) or pursuant to Ohio law, each Holder of 7 1/4% Preferred Shares entitled to vote with respect to such matters shall be entitled to one vote for each 7 1/4% Preferred Share held.

(6) CONVERSION. (i) At any time, at the option of the Holder thereof, any 7 1/4% Preferred Share may be converted at the Liquidation Preference thereof into fully paid and nonassessable Common Shares (calculated as to each conversion to the nearest 1/100 of a share), at the Conversion Price, determined as hereinafter provided, in effect at the time of conversion. Such conversion right shall expire at the close of business on the Mandatory Redemption Date.

In the event a 7 1/4% Preferred Share is called for optional redemption, such conversion right in respect of the 7 1/4% Preferred Share so called shall expire at the close of business on the applicable Optional Redemption Date, unless the corporation defaults in making the payment due upon redemption.

The price at which Common Shares shall be delivered upon conversion (herein called the "Conversion Price") shall be initially $11.18 per Common Share. The Conversion Price shall be adjusted in certain instances as provided in paragraph (6)(iv) and paragraph (6)(v).

(ii) In order to exercise the conversion privilege, the Holder of any 7 1/4% Preferred Shares to be converted shall surrender the certificate for such 7 1/4% Preferred Shares, duly endorsed or assigned to the corporation or in blank, at the office of the Transfer Agent or at any office or agency of the corporation maintained for that purpose, accompanied by written notice to the corporation in the form of Exhibit B that the Holder elects to convert such 7 1/4% Preferred Shares or, if fewer than all of the 7 1/4% Preferred Shares represented by a single share certificate are to be converted, the number of shares represented thereby to be converted. Except as provided in paragraph (2)(vii), no payment or adjustment shall be made upon any conversion on account of any dividends accrued on the 7 1/4% Preferred Shares surrendered for conversion or on account of any dividends on the Common Shares issued upon conversion. Such notice shall also contain the office or the address to which the corporation should deliver Common Shares issuable upon conversion (and any other payments or certificates related thereto). Except as provided in paragraph (2)(vii), in no event shall the corporation be obligated to pay any converting Holder any unpaid dividend, whether or not in arrears, on converted shares or any dividends on the Common Shares issued upon such conversion.

7 1/4% Preferred Shares shall be deemed to have been converted immediately prior to the close of business on the day of surrender of 7 1/4% Preferred Shares for conversion in accordance with the foregoing provisions, and at such time the rights of the Holders of such 7 1/4% Preferred Shares as Holders shall cease, and the person or persons entitled to receive the Common Shares issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Shares at such time. As promptly as practicable on or after the conversion date, the corporation shall issue and shall deliver to such office or agency as the converting Holder shall have designated in its written notice to the corporation a certificate or certificates for the number of full Common Shares issuable upon conversion, together with payment in lieu of any fraction of a share, as provided in paragraph (6)(iii) hereof.

In the case of any conversion of fewer than all of the 7 1/4% Preferred Shares evidenced by a certificate, upon such conversion the corporation shall execute and the Transfer Agent shall authenticate and deliver to the Holder thereof (at the address designated by such Holder), at the expense of the corporation, a new certificate or certificates representing the number of unconverted 7 1/4% Preferred Shares.

(iii) No fractional Common Shares shall be issued upon the conversion of a 7 1/4% Preferred Share. If more than one 7 1/4% Preferred Share shall be surrendered for conversion at one time by the same Holder, the number of full Common Shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate 7 1/4% Preferred Shares so surrendered. Instead of any fractional Common Share which would otherwise be issuable upon

conversion of any 7 1/4% Preferred Share, the corporation shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the closing price (as defined in paragraph (6)(iv)(7)) per Common Share at the close of business on the Business Day prior to the day of conversion.

(iv) The Conversion Price shall be adjusted from time to time by the corporation as follows:

(1) If the corporation shall hereafter pay a dividend or make a distribution in Common Shares to all holders of any outstanding class or series of Common Shares of the corporation, the Conversion Price in effect at

the opening of business on the date following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of Common Shares outstanding at the close of business on the Record Date (as defined in paragraph (6)(iv)(7)) fixed for such determination and the denominator shall be the sum of such number of outstanding shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph (6)(iv)(1) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(2) If the corporation shall offer or issue rights or warrants to all holders of its outstanding Common Shares entitling them to subscribe for or purchase Common Shares at a price per share less than the Current Market Price (as defined in paragraph (6)(iv)(7)) on the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect at the opening of business on the date after such Record Date by a fraction of which the numerator shall be the number of Common Shares outstanding at the close of business on the Record Date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares subject to such rights or warrants would purchase at such Current Market Price and of which the denominator shall be the number of Common Shares outstanding at the close of business on the Record Date plus the total number of additional Common Shares subject to such rights or warrants for subscription or purchase. Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of shareholders entitled to purchase or receive such rights or warrants. To the extent that Common Shares are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of Common Shares actually delivered. If such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such date fixed for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase Common Shares at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Shares, there shall be taken into account any consideration received for such rights or warrants,

with the value of such consideration, if other than cash, to be determined by the Board of Directors.

(3) If the outstanding Common Shares shall be subdivided into a greater number of Common Shares, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, if the outstanding Common Shares shall be combined into a smaller number of Common Shares, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(4) If the corporation shall, by dividend or otherwise, distribute to all holders of its Common Shares of any class of capital stock of the

corporation (other than any dividends or distributions to which paragraph (6)(iv)(1) applies) or evidences of its indebtedness, cash or other assets (including securities, but excluding any rights or warrants of a type referred to in paragraph (6)(iv)(2) and excluding dividends and distributions paid exclusively in cash and excluding any capital stock, evidences of indebtedness, cash or assets distributed upon a merger or consolidation to which paragraph (6)(v) applies) (the foregoing hereinafter in this paragraph (6)(iv)(4) called the "Distributed Securities"), then, in each such case, the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the Record Date (as defined in paragraph (6)(iv)(7)) with respect to such distribution by a fraction of which the numerator shall be the Current Market Price (determined as provided in paragraph (6)(iv)(7)) of the Common Shares on such date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) on such date of the portion of the Distributed Securities so distributed applicable to one Common Share and the denominator shall be such Current Market Price, such reduction to become effective immediately prior to the opening of business on the day following the Record Date; PROVIDED, HOWEVER, that, in the event the then fair market value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Common Share is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder of 7 1/4% Preferred Shares shall have the right to receive upon conversion of a 7 1/4% Preferred Share (or any portion thereof) the amount of Distributed Securities such Holder would have received had such Holder converted such 7 1/4% Preferred Share (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph (6)(iv)(4) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price pursuant to paragraph (6)(iv)(7) to the extent possible.

Rights or warrants distributed by the corporation to all holders of Common Shares entitling the holders thereof to subscribe for or purchase shares of the corporation's capital stock (either

initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Dilution Trigger Event"): (i) are deemed to be transferred with such Common Shares; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Shares, shall be deemed not to have been distributed for purposes of this paragraph (6)(iv)(4) (and no adjustment to the Conversion Price under this paragraph (6)(iv)(4) shall be required) until the occurrence of the earliest Dilution Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment to the Conversion Price under this paragraph (6)(iv)(4) shall be made. If any such rights or warrants, including any such existing rights or warrants distributed prior to the date hereof, are subject to subsequent events, upon the occurrence of each of which such rights or warrants shall become exercisable to purchase different securities, evidences of indebtedness or other assets, then the occurrence of each such event shall be deemed to be such date of issuance and record date with respect to new rights or warrants (and a termination or expiration of the existing rights or warrants without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Dilution Trigger Event with respect thereto, that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Price under this paragraph (6)(iv)(4) was made, (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Dilution Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Shares with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Shares as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Price shall be readjusted as if such rights and warrants had not been issued.

Notwithstanding any other provision of this paragraph (6)(iv)(4) to the contrary, capital stock, rights, warrants, evidences of indebtedness, other securities, cash or other assets (including, without limitation, any rights distributed pursuant to any shareholder rights plan) shall be deemed not to have been distributed for purposes of this paragraph (6)(iv)(4) if the corporation makes proper provision so that each Holder of 7 1/4% Preferred Shares who converts a 7 1/4% Preferred Share (or any portion thereof) after the date fixed for determination of shareholders entitled to receive such distribution shall be entitled to receive upon such conversion, in addition to the Common Shares issuable upon such conversion, the amount and kind of such distributions that such holder would have been entitled to receive if such holder had, immediately prior to such determination date, converted such 7 1/4% Preferred Share into Common Shares.

For purposes of this paragraph (6)(iv)(4) and paragraphs (6)(iv)(1) and (2), any dividend or distribution to which this paragraph (6)(iv)(4) is applicable that also includes Common Shares, or rights or warrants to subscribe for or purchase Common Shares to which paragraph (6)(iv)(2) applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, cash, assets, shares of capital stock, rights or warrants other than (A) such Common Shares or (B) rights or warrants to which paragraph (6)(iv)(2) applies (and any Conversion Price reduction required by this paragraph (6)(iv)(4) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such Common Shares or such rights or warrants (and any further Conversion Price reduction required

by paragraph (6)(iv)(1) and (2) with respect to such dividend or distribution shall then be made), except that (1) the Record Date of such dividend or distribution shall be substituted as "the Record Date fixed for the determination of shareholders entitled to receive such dividend or other distribution", "Record Date fixed for such determination" and "Record Date" within the meaning of paragraph (6)(iv)(1) and as "the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants", "the date fixed for the determination of the shareholders entitled to receive such rights or warrants" and "such Record Date" within the meaning of paragraph (6)(iv)(2), and (2) any Common Shares included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph (6)(iv)(1).

(5) If the corporation shall, by dividend or otherwise, distribute to all holders of its Common Shares cash (excluding any cash that is distributed upon a merger or consolidation to which paragraph (6)(v) applies or as part of a distribution referred to in paragraph (6)(iv)) in an aggregate amount that, combined together with (1) the aggregate amount of any other such distributions to all holders of its Common Shares made exclusively in cash within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this paragraph (6)(iv)(5) has been made, and (2) the aggregate of any cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) of consideration payable in respect of any tender offer by the corporation or a Subsidiary of the corporation for all or any portion of the

Common Shares concluded within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to paragraph (6)(iv)(4) has been made, exceeds 12.5% of the product of the Current Market Price (determined as provided in paragraph (6)(iv)(7)) on the Record Date with respect to such distribution times the number of Common Shares outstanding on such date, then, and in each such case, immediately after the close of business on such date, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such Record Date by a fraction (i) the numerator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the excess of such combined amount over such 12.5% amount divided by (y) the number of Common Shares outstanding on the Record Date and (ii) the denominator of which shall be equal to the Current Market Price on such Record Date; PROVIDED, HOWEVER, that, if the portion of the cash so distributed applicable to one Common Share is equal to or greater than the Current Market Price of the Common Shares on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder of 7 1/4% Preferred Shares shall have the right to receive upon conversion of a 7 1/4% Preferred Share (or any portion thereof) the amount of cash such Holder would have received had such Holder converted such 7 1/4% Preferred Share (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(6) If a tender or exchange offer made by the corporation or any of its Subsidiaries for all or any portion of the Common Shares expires and such tender or exchange offer (as amended upon the expiration thereof) requires the payment to shareholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of

an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that, combined together with (1) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors), as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the corporation or any of its Subsidiaries for all or any portion of the Common Shares expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this paragraph (6)(iv)(6) has been made and (2) the aggregate amount of any distributions to all holders of the Common Shares made exclusively in cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to paragraph (6)(iv)(5) has been made, exceeds 12.5% of the product of the Current Market Price (determined as provided in paragraph (6)(iv)(7)) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of Common Shares outstanding (including any tendered shares) at the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the date of the Expiration Time by a fraction of which the numerator shall be the number of Common Shares outstanding (including any tendered shares) at the Expiration Time multiplied by the Current Market Price of the Common Shares on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of Common Shares outstanding (less any Purchased Shares) at the Expiration Time and the Current Market Price of the Common Shares on the Trading Day next succeeding the Expiration Time, such reduction (if any) to become effective immediately prior to the opening of business on the day following the Expiration Time. If the corporation is obligated to purchase shares pursuant to any such tender offer, but the corporation is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender offer had not been made. If the application of this paragraph (6)(iv)(6) to any tender offer would result in an increase in the Conversion Price, no adjustment shall be made for such tender offer under this paragraph (6)(iv)(6).

(7) For purposes of this paragraph (6)(iv), the following terms shall have the meaning indicated:

"closing price" with respect to any securities on any day means the closing price on such day or, if no such sale takes place on such day, the average of the reported high and low prices on such day, in each case on The Nasdaq National Market or the New York Stock Exchange, as applicable, or, if such security is not listed or admitted to trading on such national market or exchange, on the principal national securities exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the high and low prices

of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated or a similar generally accepted reporting service, or, if not so available, in such manner as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors for that purpose, or a price determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors.

"Current Market Price" means the average of the daily closing prices per Common Share for the 10 consecutive trading days immediately prior to the date in question; PROVIDED, HOWEVER, that (A) if the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to paragraphs (6)(iv)(1), (2), (3), (4), (5) or (6) occurs during such 10 consecutive trading days, the closing price for each trading day prior to the "ex" date for such other event shall be adjusted by multiplying such closing price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event, (B) if the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to paragraphs (6)(iv)(1), (2), (3), (4), (5) or (6) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the closing price for each trading day on and after the "ex" date for such other event shall be adjusted by multiplying such closing price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event and (C) if the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (A) or (B) of this proviso, the closing price for each trading day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of paragraphs (6)(iv)(4) or (5), whose determination shall be conclusive and described in a resolution of the Board of Directors) of the evidence of indebtedness, shares of capital stock or assets being distributed applicable to one Common Share as of the close of business on the day before such "ex" date. For purposes of any computation under paragraph (6)(vi), the Current Market Price on any date shall be deemed to be the average of the daily closing prices per Common Share for such day and the next two succeeding trading days; PROVIDED, HOWEVER, that, if the "ex" date for any event (other than the tender offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to paragraph (6)(iv)(1), (2), (3), (4), (5) or (6) occurs on or after the Expiration Time for the tender or exchange offer requiring such computation and prior to the day in question, the closing price for each trading day on and after the "ex" date for such other event shall be adjusted by multiplying such closing price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event. For purposes of this paragraph, the term "ex" date (I) when used with respect to any issuance or distribution, means the first date on which the Common Shares trade regular way on the relevant exchange or in the relevant market from which the closing price was obtained without the right to receive such issuance or distribution, (II) when used with respect to any subdivision or combination of Common Shares, means the first date on which the Common Shares trade regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective and (III) when used with respect to any tender or exchange offer means the first date on which the Common Shares trade regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Price are called for pursuant to this paragraph (6)(iv), such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph (6)(iv) and to avoid unjust or inequitable results, as determined in good faith by the Board of Directors.

"fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's-length transaction.

"Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(8) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; PROVIDED, HOWEVER, that any adjustments which by reason of this paragraph (6)(iv)(8) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph (6)(iv)(8) shall be made by the corporation and shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Shares.

(9) Whenever the Conversion Price is adjusted as herein provided, the corporation shall promptly file with the Transfer Agent an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such certificate, the corporation shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to each Holder of 7 1/4% Preferred Shares at such Holder's last address appearing on the register of Holders maintained for that purpose within 20 days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(10) In any case in which this paragraph (6)(iv) provides that an adjustment shall become effective immediately after a Record Date for an event, the corporation may defer until the occurrence of such event issuing to the Holder of any 7 1/4% Preferred Share converted after such Record Date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment.

(11) For purposes of this paragraph (6)(iv), the number of Common Shares at any time outstanding shall not include shares held in the treasury of the corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares. The corporation shall not pay any dividend or make any distribution on Common Shares held in the treasury of the corporation.

(v) In case of any consolidation of the corporation with, or merger of the corporation into, any other corporation, or in case of any merger of another corporation into the corporation (other than a merger which does not result in any reclassification, conversion, exchange or cancelation of outstanding Common Shares of the corporation), or in case of any conveyance or transfer of the properties and assets of the corporation substantially as an entirety, the Holder of each outstanding 7 1/4% Preferred Share shall have the right thereafter, during the period such 7 1/4% Preferred Shares shall be convertible as specified in paragraph (6)(i), to convert such 7 1/4% Preferred Shares only into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, conveyance or transfer by a holder of the number of Common Shares of the corporation into which such 7 1/4% Preferred Share might have been converted immediately prior to such consolidation, merger, conveyance or transfer, assuming such holder of Common Shares of the corporation failed to exercise his rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such consolidation, merger, conveyance or transfer (provided that, if the kind or amount of securities, cash and other property receivable upon such consolidation, merger, conveyance or transfer is not the same for each Common Share of the corporation in respect of which such rights of election shall not have been exercised ("nonelecting share"), then for the purpose of this paragraph (6)(v) the kind and amount of securities, cash and other property receivable upon such consolidation, merger, conveyance or transfer by each nonelecting share shall be deemed to be the kind and amount so receivable per share by a plurality of the nonelecting shares). Such securities shall provide for adjustments which, for events subsequent to the effective date of the triggering event, shall be as nearly equivalent as may be practicable to the adjustments provided for in this paragraph (6)(v). The above provisions of this Section shall similarly apply to successive consolidations, mergers, conveyances or transfers.

(vi) In case:

(1) the corporation shall declare a dividend (or any other distribution) on its Common Shares payable otherwise than in cash out of its earned surplus; or

(2) the corporation shall authorize the granting to all holders of its Common Shares of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(3) of any reclassification of the Common Shares of the corporation (other than a subdivision or combination of its outstanding Common Shares), or of any consolidation or merger to which the corporation is a party and for which approval of any shareholders of the corporation is required, or the sale or transfer of all or substantially all the assets of the corporation; or

(4) of the voluntary or involuntary dissolution, liquidation or winding-up of the corporation; then the corporation shall cause to be filed

with the Transfer Agent and at each office or agency maintained for the purpose of conversion of the 7 1/4% Preferred Shares, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the 7 1/4% Preferred Shares Register, at least 20 days (or 10 days in any case specified in clause (1) or (2) above) prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken,

the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation. Failure to give the notice requested by this Section or any defect therein shall not affect the legality or validity of any dividend, distribution, right, warrant, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation, or the vote upon any such action.

(vii) The corporation shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Shares (or out of its authorized Common Shares held in the treasury of the corporation), for the purpose of effecting the conversion of the 7 1/4% Preferred Shares, the full number of Common Shares then issuable upon the conversion of all outstanding 7 1/4% Preferred Shares.

(viii) The corporation will pay any and all document, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of Common Shares on conversion of the 7 1/4% Preferred Shares pursuant hereto. The corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of Common Shares in a name other than that of the Holder of the 7 1/4% Preferred Shares or the 7 1/4% Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the corporation the amount of any such tax, or has established to the satisfaction of the corporation that such tax has been paid.

(ix) (1) Notwithstanding any other provision in the preceding paragraphs to the contrary, if any Change in Control occurs then, if the corporation does not elect to make a Change in Control Offer, the Conversion Price in effect shall be adjusted immediately after such Change in Control as described below. In addition, in the event of a Common Shares Change in Control (as defined in this paragraph (6)(ix)), each 7 1/4% Preferred Share shall be convertible solely into common shares of the kind received by holders of Common Shares as the result of such Common Shares Change in Control. For purposes of calculating any adjustment to be made pursuant to this paragraph in the event of a Change in Control, immediately after such Change in Control:

(A) in the case of a Non-Stock Change in Control (as defined in this paragraph (6)(ix)), the Conversion Price shall thereupon become the lower of (x) the Conversion Price in effect immediately prior to such Non-Stock Change in Control, but after giving effect to any other prior adjustments, and (y) the result obtained by multiplying the greater of the Applicable Price (as defined in this paragraph (6)(ix)) or the then applicable Reference Market Price (as defined in this paragraph (6)(ix)) by a fraction of which the numerator shall be $100.00 and the denominator shall be the then current Optional Redemption Price per share; and

(B) in the case of a Common Shares Change in Control, the Conversion

Price in effect immediately prior to such Common Shares Change in Control, but after giving effect to any prior adjustments, shall thereupon be adjusted by multiplying such Conversion Price by a fraction, of which the numerator shall be the Purchaser Shares Price (as defined in this paragraph (6)(ix))

and the denominator shall be the Applicable Price; PROVIDED, HOWEVER, that in the event of a Common Shares Change in Control in which (x) 100% of the value of the consideration received by a holder of Common Shares is common stock of the successor, acquiror, or other third party (and cash, if any, is paid with respect to any fractional interests in such common stock resulting from such Common Shares Change in Control) and (y) all of the Common Shares will have been exchanged for, converted into, or acquired for, common stock (and cash with respect to fractional interests) of the successor, acquiror or other third party, the Conversion Price in effect immediately prior to such Common Shares Change in Control shall thereupon be adjusted by multiplying such Conversion Price by a fraction, of which the numerator shall be one (1) and the denominator shall be the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one Common Share as a result of such Common Shares Change in Control.

(2) For purposes of this paragraph (ix), the following terms shall have the meanings indicated:

"Applicable Price" means (i) in the event of a Non-Stock Change in Control in which the holders of the Common Shares receive only cash, the amount of cash received by the holder of one Common Share and (ii) in the event of any other Non-Stock Change in Control or any Common Shares Change in Control, the average of the Closing Bid Prices for the Common Shares during the ten Trading Days prior to and including the record date for the determination of the holders of Common Shares entitled to receive cash, securities, property or other assets in connection with such Non-Stock Change in Control or Common Shares Change in Control or, if there is no such record date, the date upon which the holders of the Common Shares shall have the right to receive such cash, securities, property or other assets, in each case, as adjusted in good faith by the Board of Directors to appropriately reflect any of the events referred to in paragraph (6)(iv)(1) through (6).

"Common Shares Change in Control" means any Change in Control in which more than 50% of the value (as determined in good faith by the Board of Directors of the corporation) of the consideration received by holders of Common Shares consists of common stock that for each of the ten consecutive Trading Days referred to in the preceding paragraph has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on The Nasdaq National Market; PROVIDED, HOWEVER, that a Change in Control shall not be a Common Shares Change in Control unless either (i) the corporation continues to exist after the occurrence of such Change in Control and the outstanding 7 1/4% Preferred Shares continue to exist as outstanding 7 1/4% Preferred Shares or (ii) not later than the occurrence of such Change in Control, the outstanding 7 1/4% Preferred Shares are converted into or exchanged for shares of convertible preferred stock of a corporation succeeding to the business of the corporation (which shall include a corporation that is the direct or indirect owner of all the equity interests of the surviving corporation in the merger) (hereinafter, a "successor"), which convertible preferred stock has powers, preferences and relative, participating, optional or other rights, and qualifications, limitations and restrictions, substantially similar to those of the 7 1/4% Preferred Shares.

"Non-Stock Change in Control" means any Change in Control other than a Common Shares Change in Control.

"Purchaser Shares Price" means, with respect to any Common Shares Change in

Control, the product of (i) the number of shares of common stock received in such Common Shares Change of Control for each Common Share and (ii) the average of the per share Closing Prices for the common stock received in such Common Shares Change in Control for the ten consecutive Trading Days prior to and including the record date for the determination of the holders of Common Shares entitled to receive such common stock, or if there is no such record date, the date upon which the holders of the Common Shares shall have the right to receive such common stock, in each case, as adjusted in good faith by the Board of Directors to appropriately reflect any of the events referred to in paragraph (6)(iv)(1) through (6); PROVIDED, HOWEVER, that if no such Closing Prices exist, then the Purchaser Shares Price shall be set at a price determined in good faith by the Board of Directors of the corporation.

"Reference Market Price" shall initially mean $6.44 (which is equal to $13.50 divided by 2.096 (which is the exchange ratio for shares of common stock of IXC in the Agreement and Plan of Merger, dated as of July 20, 1999 among the corporation, Ivory Merger, Inc. and IXC)), and in the event of any adjustment to the conversion prices other than as a result of a Change in Control, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be the same as the ratio of $6.44 to the initial Conversion Price set forth in paragraph (6)(i).

(7) CHANGE IN CONTROL. (i) Upon the occurrence of a Change of Control (the date of such occurrence being the "Change in Control Date"), the corporation shall be obligated to (1) purchase all or a portion of each Holder's 7 1/4% Preferred Shares in cash pursuant to the offer described in paragraph (7)(iii) (the "Change of Control Offer") at a purchase price equal to 100% of the Liquidation Preference, plus, without duplication, all accrued and unpaid Liquidated Damages and all accrued and unpaid dividends, if any, to the Change of Control Payment Date, including an amount in cash equal to a prorated dividend for the period from the Dividend Payment Date immediately prior to the Change of Control Payment Date to the Change of Control Payment Date or (2) adjust the conversion price as provided under paragraph (6)(ix).

(ii) Prior to the mailing of the notice referred to in paragraph (7)(iii), but in any event within 15 days following the date on which the corporation knows or reasonably should have known that a Change in Control has occurred, the corporation covenants that it shall promptly determine if the purchase of the 7 1/4% Preferred Shares would violate or constitute a default under any indebtedness of the corporation.

(iii) Within 15 days following the date on which the corporation knows or reasonably should have known that a Change in Control has occurred, the corporation must send, by first-class mail, postage prepaid, a notice to each Holder of 7 1/4% Preferred Shares. Such notice shall state whether the Change of Control Offer would be permitted under any indebtedness of the corporation, and if permitted, such notice shall contain all instructions and materials necessary to enable such Holders to tender 7 1/4% Preferred Shares pursuant to the Change of Control Offer. If the Change of Control Offer would be permitted under any indebtedness of the corporation, such notice shall state:

(A) that a Change of Control has occurred, that the Change of Control Offer is being made pursuant to this paragraph (7) and that all 7 1/4% Preferred Shares validly tendered and not withdrawn will be accepted for payment;

(B) the purchase price (including the amount of accrued dividends, if any) and the purchase date (which must be no earlier than 30 days nor later than 75 days from the date such notice is mailed, other than as may be required by law) (the "Change of Control Payment Date");

(C) that any 7 1/4% Preferred Shares not tendered will continue to accrue dividends;

(D) that, unless the corporation defaults in making payment therefor, any 7 1/4% Preferred Share accepted for payment pursuant to the Change of Control Offer shall cease to accrue dividends after the Change of Control Payment Date;

(E) that Holders electing to have any 7 1/4% Preferred Shares purchased pursuant to a Change of Control Offer will be required to surrender such 7 1/4% Preferred Shares, properly endorsed for transfer, together with such other customary documents as the corporation and the Transfer Agent may reasonably request to the Transfer Agent and registrar for the 7 1/4% Preferred Shares at the address specified in the notice prior to the close of business on the Business Day prior to the Change of Control Payment Date;

(F) that Holders will be entitled to withdraw their election if the corporation receives, not later than five Business Days prior to the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the number of 7 1/4% Preferred Shares the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such 7 1/4% Preferred Shares purchased;

(G) that Holders whose 7 1/4% Preferred Shares are purchased only in part will be issued a new certificate representing the unpurchased 7 1/4% Preferred Shares; and

(H) the circumstances and relevant facts regarding such Change of Control. If the Change of Control Offer would not be permitted under any indebtedness of the corporation, such notice shall state the Conversion Price as adjusted pursuant to paragraph (6)(ix).

(iv) The corporation will comply with any tender offer rules under the Exchange Act which then may be applicable, including Rules 13e-4 and 14e-1, in connection with any offer required to be made by the corporation to repurchase the 7 1/4% Preferred Shares as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Article Fourth, the corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Article Fourth by virtue thereof.

(v) On the Change of Control Payment Date the corporation shall (A) accept for payment the 7 1/4% Preferred Shares validly tendered pursuant to the Change of Control Offer, (B) pay to the Holders of shares so accepted the purchase price therefor in cash and (C) cancel and retire each surrendered certificate. Unless the corporation defaults in the payment for the 7 1/4% Preferred Shares tendered pursuant to the Change of Control Offer, dividends will cease to accrue with

respect to the 7 1/4% Preferred Shares tendered and all rights of Holders of such tendered shares will terminate, except for the right to receive payment therefor, on the Change of Control Payment Date.

(vi) To accept the Change of Control Offer, the Holder of a 7 1/4% Preferred Share shall deliver, on or before the 10th day prior to the Change of Control Payment Date, written notice to the corporation (or an agent designated by the corporation for such purpose) of such Holder's acceptance, together with certificates evidencing the 7 1/4% Preferred Shares with respect to which the Change of Control Offer is being accepted, duly endorsed for transfer.

(8) REISSUANCE OF 7 1/4% PREFERRED SHARES. 7 1/4% Preferred Shares that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall not be reissued as 7 1/4% Preferred Shares and shall (upon compliance with any applicable provisions of the laws of Ohio) have the status of authorized and unissued Preferred Shares undesignated as to series and may be redesignated and reissued as part of any series of

Preferred Shares (except as otherwise provided by Ohio law); PROVIDED, HOWEVER, that so long as any 7 1/4% Preferred Shares are outstanding, any issuance of such shares must be in compliance with the terms hereof.

(9) BUSINESS DAY. If any payment, redemption or exchange shall be required by the terms hereof to be made on a day that is not a Business Day, such payment, redemption or exchange shall be made on the immediately succeeding Business Day.

(10) LIMITATION ON MERGERS AND ASSET SALES. The corporation may not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any person unless: (1) the successor, transferee or lessee (if not the corporation) is organized and existing under the laws of the United States of America or any State thereof or the District of Columbia and the 7 1/4% Preferred Shares shall be converted into or exchanged for and shall become shares of such successor, transferee or lessee, having in respect of such successor, transferee or lessee substantially the same powers, preference and relative participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the 7 1/4% Preferred Shares had immediately prior to such transaction; and (2) the corporation delivers to the Transfer Agent an Officers' Certificate and an Opinion of Counsel stating that such consolidation, merger or transfer complies with this Article Fourth. The successor, transferee or lessee will be the successor company.

(11) CERTIFICATES. (i) FORM AND DATING. The 7 1/4% Preferred Shares certificate may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the corporation). Each 7 1/4% Preferred Shares certificate shall be dated the date of its authentication. The terms of the 7 1/4% Preferred Shares certificate set forth in Exhibit A are part of the terms of this Article Fourth.

(ii) EXECUTION AND AUTHENTICATION. Two Officers shall sign the 7 1/4% Preferred Shares certificates for the corporation by manual or facsimile signature. The corporation's seal shall be impressed, affixed, imprinted or reproduced on the 7 1/4% Preferred Shares certificates and may be in facsimile form.

If an Officer whose signature is on the 7 1/4% Preferred Shares certificates no longer holds that office at the time the Transfer Agent authenticates the 7 1/4% Preferred Shares certificates, the 7 1/4% Preferred Shares certificates shall be valid nevertheless.

A 7 1/4% Preferred Share shall not be valid until an authorized signatory of the Transfer Agent manually signs the certificate of authentication on the 7 1/4% Preferred Shares certificates. The signature shall be conclusive evidence that the 7 1/4% Preferred Shares have been authenticated under this Article Fourth.

The Transfer Agent shall authenticate and deliver 1,400,000 7 1/4% Preferred Shares for original issue upon a written order of the corporation signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the corporation. In addition, the Transfer Agent shall authenticate and deliver, from time to time, Additional Shares for original issue upon order of the corporation signed by two Officers or by an Officer or either an Assistant Treasurer or Assistant Secretary of the corporation. Such orders shall specify the number of 7 1/4% Preferred Shares to be authenticated and the date on which the original issue of 7 1/4% Preferred Shares is to be authenticated.

The Transfer Agent may appoint an authenticating agent reasonably acceptable to the corporation to authenticate the 7 1/4% Preferred Shares. Unless limited by the terms of such appointment, an authenticating agent may authenticate 7 1/4% Preferred Shares whenever the Transfer Agent may do so. Each reference in this Article Fourth to authentication by the Transfer Agent includes authentication by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

(iii) TRANSFER AND EXCHANGE. (A) TRANSFER AND EXCHANGE OF 7 1/4% PREFERRED SHARES. When 7 1/4% Preferred Shares certificates are presented to the Transfer Agent with a request to register the transfer of such 7 1/4% Preferred Shares or to exchange such 7 1/4% Preferred Shares certificates for an equal number of 7 1/4% Preferred Shares certificates of other authorized denominations, the Transfer Agent shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; PROVIDED, HOWEVER, that the 7 1/4% Preferred Shares certificates surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the corporation and the Transfer Agent, duly executed by the Holder thereof or its attorney duly authorized in writing.

(B) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF 7 1/4% PREFERRED SHARES. (1) To permit registrations of transfers and exchanges, the corporation shall execute and the Transfer Agent shall authenticate 7 1/4% Preferred Shares certificates as required pursuant to the provisions of this paragraph (iii).

(2) All 7 1/4% Preferred Shares certificates issued upon any registration of transfer or exchange of 7 1/4% Preferred Shares certificates shall be the valid obligations of the corporation, entitled to the same benefits under this Article Fourth as the 7 1/4% Preferred Shares certificates surrendered upon such registration of transfer or exchange.

(3) Prior to due presentment for registration of transfer of any 7 1/4% Preferred Shares, the Transfer Agent and the corporation may deem and treat the person in whose name such 7 1/4% Preferred Shares are registered as the absolute owner of such 7 1/4% Preferred Shares and neither the Transfer Agent nor the corporation shall be affected by notice to the contrary.

(4) No service charge shall be made to a Holder for any registration of transfer or exchange upon surrender of any 7 1/4% Preferred Shares certificate at the office of the Transfer Agent maintained for that purpose. However, the corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of 7 1/4% Preferred Shares certificates.

(iv) REPLACEMENT CERTIFICATES. If a mutilated 7 1/4% Preferred Shares certificate is surrendered to the Transfer Agent or if the Holder of a 7 1/4% Preferred Shares certificate claims that the 7 1/4% Preferred Shares certificate has been lost, destroyed or wrongfully taken, the corporation shall issue and the Transfer Agent shall countersign a replacement 7 1/4% Preferred Shares certificate if the reasonable requirements of the Transfer Agent and of section 8-405 of the Uniform Commercial Code as in effect in the State of New York are met. If required by the Transfer Agent or the corporation, such Holder shall furnish an indemnity bond sufficient in the judgment of the corporation and the Transfer Agent to protect the corporation and the Transfer Agent from any loss which either of them may suffer if a 7 1/4% Preferred Shares certificate is replaced. The corporation and the Transfer Agent may charge the Holder for their expenses in replacing a 7 1/4% Preferred Shares certificate.

(v) CANCELATION. (A) In the event the corporation shall purchase or otherwise acquire 7 1/4% Preferred Shares certificates, the same shall thereupon be delivered to the Transfer Agent for cancelation.

(B) The Transfer Agent and no one else shall cancel and destroy all

7 1/4% Preferred Shares certificates surrendered for transfer, exchange, replacement or cancelation and deliver a certificate of such destruction to the corporation unless the corporation directs the Transfer Agent to deliver canceled 7 1/4% Preferred Shares certificates to the corporation. The corporation may not issue new 7 1/4% Preferred Shares certificates to replace 7 1/4% Preferred Shares certificates to the extent they evidence 7 1/4% Preferred Shares which the corporation has purchased or otherwise acquired.

(12) CERTAIN DEFINITIONS. As used in this Article Fourth, the following terms shall have the following meanings (and (1) terms defined in the singular have comparable meanings when used in the plural and vice versa, (2) "including" means including without limitation, (3) "or" is not exclusive and (4) an accounting term not otherwise defined has the meaning assigned to it in accordance with United States generally accepted accounting principles as in effect on the Issue Date and all accounting calculations will be determined in accordance with such principles), unless the content otherwise requires:

"BUSINESS DAY" means each day which is not a Legal Holiday.

"CAPITAL SHARE" of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated)

equity of such person, including any Preferred Shares, but excluding any debt securities convertible into or exchangeable for such equity.

"CHANGE IN CONTROL" or "CHANGE OF CONTROL" means: (i) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the corporation and its Subsidiaries taken as a whole to any "person" (as such term is used in section 13(d)(3) of the Exchange Act), (ii) the adoption of a plan relating to the liquidation or dissolution of the corporation, (iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), (other than officers, directors and shareholders of the corporation and their affiliates on the date of this Certificate of Amendment) becomes the beneficial owner (as determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the voting shares of the corporation or (iv) the first day on which a majority of the members of the Board of Directors (excluding the directors elected pursuant to paragraph (f) are not Continuing Directors).

"CLOSING BID PRICE" means on any day the last reported bid price on such day, or in case no bid takes place on such day, the average of the reported closing bid and asked prices, in each case on the New York Stock Exchange or, if the stock is not quoted on such exchange, on The Nasdaq National Market or the principal national securities exchange on which such stock is listed or admitted to trading, or if not listed or admitted to trading on The Nasdaq National Market or any national securities exchange, the average of the closing bid and asked prices as furnished by any independent registered broker-dealer firm, selected by the corporation for that purpose.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors who (i) was a member of such Board of Directors on the date of this Certificate of Amendment or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"DEFAULT" means any event which is, or after notice or passage of time or both would be, a Voting Rights Triggering Event.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"HOLDERS" means the registered holders from time to time of the 7 1/4% Preferred Shares.

"ISSUE DATE" means the date on which the 7 1/4% Preferred Shares are initially issued.

"IXC 7 1/4% PREFERRED STOCK" means 7 1/4% Junior Convertible Preferred Stock Due 2007, par value $.01 per share, of IXC that was converted into the right to receive 7 1/4% Preferred Shares pursuant to the Agreement and Plan of Merger dated as of July 20, 1999, by and among the corporation, Ivory Merger and IXC.

"LEGAL HOLIDAY" means a Saturday, a Sunday or a day on which banking institutions are not required to be open in the State of New York.

"LIQUIDATED DAMAGES" means, with respect to any 7 1/4% Preferred Shares, the Additional Dividends and Supplemental Dividends then accrued, if any, on such share pursuant to paragraph (2).

"OFFICER" means the Chairman of the Board of Directors, the President, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the corporation.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is acceptable to the Transfer Agent. The counsel may be an employee of or counsel to the corporation or the Transfer Agent.

"PERSON" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"PREFERRED SHARES" means, as applied to the Capital Shares of any corporation, Capital Shares of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over Capital Shares of any other class of such corporation.

"SEC" means the Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"S-4 REGISTRATION STATEMENT" means the S-4 Registration Statement on Form S-4 under the Securities Act of 1933, dated September 13, 1999, with respect to the 7 1/4% Preferred Shares filed with the SEC. The S-4 Registration Statement was filed pursuant to the Agreement and Plan of Merger dated as of July 20, 1999, by and among the corporation, Ivory Merger Inc. and IXC Communications, Inc.

"SUBSIDIARY" means any corporation, association, partnership, limited liability company or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the corporation, the corporation and one or more Subsidiaries or one or more Subsidiaries and any partnership the sole general partner or the managing partner of which the corporation or any Subsidiary or the only general partners of which are the corporation and one or more Subsidiaries or one or more Subsidiaries.

"TRADING DAY" means, in respect of any securities exchange or securities market, each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on the applicable securities exchange or in the applicable securities market.

"TRANSFER AGENT" means the transfer agent for the 7 1/4% Preferred Shares appointed by the corporation.

"VOTING SHARES" of a corporation means all classes of Capital Shares of such corporation then outstanding and normally entitled to vote in the election of directors.

EXHIBIT A

FORM OF CONVERTIBLE PREFERRED SHARE

FACE OF SECURITY

Certificate Number	Number of Shares of Convertible Preferred Shares
[ ]	[ ]

CUSIP NO.: [ ]

7 1/4% Junior Convertible Preferred Shares Due 2007 (without par value) (liquidation preference $100 per share of 7 1/4% Preferred Shares)

of

Cincinnati Bell Inc.

Cincinnati Bell Inc., an Ohio corporation (the "corporation"), hereby certifies that [ ] (the "Holder") is the registered owner of fully paid and non-assessable preferred securities of the corporation designated the 7 1/4% Junior Convertible Preferred Shares Due 2007 (without par value) (liquidation preference $100 per share of 7 1/4% Preferred Shares) (the "7 1/4% Preferred Shares"). The 7 1/4% Preferred Shares are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the 7 1/4% Preferred Shares represented hereby are issued and shall in all respects be subject to the provisions of the Cincinnati Bell Amended Articles of Incorporation dated [ ], as the same may be amended from time to time (the "Articles"). Capitalized terms used herein but not defined shall have the meaning given them in the Articles. The corporation will provide a copy of the Articles to a Holder without charge upon written request to the corporation at its principal place of business.

Reference is hereby made to select provisions of the 7 1/4% Preferred Shares set forth on the reverse hereof, and to the Articles, which select provisions and the Articles shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Articles and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of 7 1/4% Preferred Shares shall not be entitled to any benefit under the Articles or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the corporation has executed this certificate this [ ] day of [ ], [ ].

CINCINNATI BELL INC.,

By:
Name:
Title:

[Seal]

By:

Name:
Title:

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the 7 1/4% Preferred Shares referred to in the within mentioned ArticleS.

Dated: [ ], [ ]

[THE FIFTH THIRD BANK]
as Transfer Agent,

By:

Authorized Signatory

REVERSE OF SECURITY

Dividends on each 7 1/4% Preferred Share shall be payable at a rate per annum set forth in the face hereof or as provided in the Articles (including Additional Dividends).

The 7 1/4% Preferred Shares shall be redeemable as provided in the Articles. The 7 1/4% Preferred Shares shall be convertible into the corporation's Common Shares in the manner and according to the terms set forth in the Articles.

As required under Ohio law, the corporation shall furnish to any Holder upon request and without charge, a full summary statement of the designations, voting rights preferences, limitations and special rights of the shares of each class or series authorized to be issued by the corporation so far as they have been fixed and determined and the authority of the Board of Directors to fix and determine the designations, voting rights, preferences, limitations and special rights of the class and series of shares of the corporation.

EXHIBIT B

NOTICE OF CONVERSION

(To be Executed by the Registered Holder
in order to Convert the Convertible, Preferred Shares)

The undersigned hereby irrevocably elects to convert (the "Conversion") 7 1/4% Junior Convertible Preferred Shares (the "7 1/4% Preferred Shares"), represented by stock certificate No(s).________ (the "7 1/4% Preferred Shares

Certificates") into shares of common stock ("Common Shares") of Cincinnati Bell Inc. (the "corporation") according to the conditions of the corporation's Amended Articles of Incorporation (the "Articles"), as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates.* No fee will be charged to the Holder for any Conversion, except for transfer taxes, if any. A copy of each 7 1/4% Preferred Shares Certificate is attached hereto (or evidence of loss, theft or destruction thereof).

The undersigned represents and warrants that all offers and sales by the undersigned of the shares of Common Shares issuable to the undersigned upon conversion of the 7 1/4% Preferred Shares shall be made pursuant to registration of the Common Shares under the Securities Act of 1933 (the "Act"), or pursuant to any exemption from registration under the Act.

Any Holder, upon the exercise of its conversion rights in accordance with the terms of the Articles and the 7 1/4% Preferred Shares, agrees to be bound by the terms of the Registration Rights Agreement.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Articles.

Date of Conversion:

Applicable Conversion Price:

Number of shares of Convertible
Preferred Shares to be Converted:

Number of shares of
Common Shares to be Issued:

Signature:

Name:

Address:**

Fax No.:

*The corporation is not required to issue shares of Common Shares until the original 7 1/4% Preferred Shares Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the corporation or its Transfer Agent. The corporation shall issue and deliver shares of Common Shares to an overnight courier not later than three business days following receipt of the original 7 1/4% Preferred Shares Certificate(s) to be converted.

**Address where shares of Common Shares and any other payments or certificates shall be sent by the corporation.

ANNEX 2

12. Of the 4,000,000 Voting Preferred Shares of the corporation, 155,250 shall constitute a series of Voting Preferred Shares designated as 6 3/4% Cumulative Convertible Preferred Shares (the "6 3/4% Preferred Shares") with a Liquidation Preference of $1,000 per share (the "Liquidation Preference"), and have, subject and in addition to the other provisions of this Article Fourth, the following relative rights, preferences and limitations:

(1) ISSUE DATE. The date the 6 3/4% Preferred Shares are first issued is

referred to as the "Issue Date".

(2) RANK. The 6 3/4% Preferred Shares will, rank (i) PARI PASSU in right of payment with the corporation's 7 1/4% Junior Convertible Preferred Shares Due 2007 (the "7 1/4% Preferred Shares") and each other class of Capital Shares or series of Preferred Shares established hereafter by the Board of Directors, the terms of which expressly provide that such class or series ranks on a parity with the 6 3/4% Preferred Shares as to dividend rights and rights on liquidation, dissolution and winding-up of the corporation (collectively referred to as "Parity Securities"); (ii) junior in right of payment to any Senior Securities (as defined) as to dividends and upon liquidation, dissolution or winding-up of the corporation and (iii) senior in right of payment as to dividend rights and upon liquidation, dissolution or winding-up of the corporation to the Common Shares or any Capital Shares of the corporation that expressly provide that they will rank junior to the 6 3/4% Preferred Shares as to dividend rights or rights on liquidation, winding-up and dissolution of the corporation (collectively referred to as "Junior Securities"). The corporation may not authorize, create (by way of reclassification or otherwise) or issue

any class or series of Capital Shares of the corporation ranking senior in right of payment as to dividend rights or upon liquidation, dissolution or winding-up of the corporation to the 6 3/4% Preferred Shares ("Senior Securities") or any obligation or security convertible or exchangeable into, or evidencing a right to purchase, shares of any class or series of Senior Securities without the affirmative vote or consent of the Holders of at least 66 2/3% of the outstanding 6 3/4% Preferred Shares.

(3) DIVIDENDS. The Holders of the 6 3/4% Preferred Shares will be entitled to receive, when, as and if dividends are declared by the Board of Directors out of funds of the corporation legally available therefor, cumulative preferential dividends from the Issue Date of the 6 3/4% Preferred Shares accruing at the rate of $67.50 per 6 3/4% Preferred Share per annum, or $16.875 per 6 3/4% Preferred Share per quarter, payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year or, if any such date is not a Business Day, on the next succeeding Business Day (each, a "Dividend Payment Date"), to the Holders of record as of the next preceding December 15, March 15, June 15, and September 15 (each, a "Record Date"). In addition to the dividends described in the preceding sentence, a Holder of any outstanding 6 3/4% Preferred Shares will be entitled to a dividend in an additional amount (the "Supplemental Dividend"), to the extent not previously paid on the 6 3/4% Preferred Shares, equal to all accumulated and unpaid dividends on the shares of IXC 6 3/4% Preferred Stock (as defined) outstanding on the effective date of the merger of Ivory Merger Inc., a wholly-owned subsidiary of the corporation ("Ivory Merger"), with and into IXC Communications, Inc. ("IXC"), pursuant to which outstanding shares of IXC 6 3/4% Preferred Stock were converted into the right to receive 6 3/4% Preferred Shares. The Supplemental Dividend, until paid by the corporation, shall for all purposes of this 6 3/4% Article Fourth be deemed included with the accrued and unpaid dividends on the 6 3/4% Preferred Shares. Accrued but unpaid dividends, if any, may be paid on such dates as determined by the Board of Directors. Dividends will be payable in cash except as set forth below. Dividends payable on the 6 3/4% Preferred Shares will be computed on the basis of a 360-day year of twelve 30-day months and will be deemed to accrue on a daily basis. Dividends (other than the Supplemental Dividend) may, at the option of the corporation, be paid in Common Shares if, and only if, the documents governing the corporation's indebtedness that exist on the Issue Date then prohibit the payment of such dividends in cash. If the corporation elects to pay dividends in Common Shares, the number of Common Shares to be distributed will be calculated by dividing the amount of such dividend otherwise payable in cash by 95% of the arithmetic average of the Closing Price (as defined) for the five Trading Days (as defined) preceding the Dividend Payment Date. The 6 3/4% Preferred Shares will not be redeemable unless all dividends (including the Supplemental Dividend) accrued through such redemption date shall have been paid in full. Notwithstanding anything

to the contrary herein contained, the corporation shall not be required to declare or pay a dividend if another person (including, without limitation, any of its subsidiaries) pays an amount to the Holders equal to the amount of such dividend on behalf of the corporation and, in such event, the dividend will be deemed paid for all purposes.

Dividends on the 6 3/4% Preferred Shares (including the Supplemental Dividend) will accrue whether or not the corporation has earnings or profits, whether or not there are

funds legally available for the payment of such dividends and whether or not dividends are declared. Dividends will accumulate to the extent they are not paid on the Dividend Payment Date for the quarter to which they relate. Accumulated unpaid dividends (including the Supplemental Dividend) will accrue and cumulate at a rate of 6.75% per annum. The corporation will take all reasonable actions required or permitted under Ohio law to permit the payment of dividends on the 6 3/4% Preferred Shares.

No dividend whatsoever shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any outstanding 6 3/4% Preferred Share with respect to any dividend period unless all dividends for all preceding dividend periods (including the Supplemental Dividend) have been declared and paid upon, or declared and a sufficient sum set apart for the payment of such dividend upon, all outstanding 6 3/4% Preferred Shares. Unless full cumulative dividends on all outstanding 6 3/4% Preferred Shares (including the Supplemental Dividend) due for all past dividend periods shall have been declared and paid, or declared and a sufficient sum for the payment thereof set apart, then: (i) no dividend (other than a dividend payable solely in shares of Junior Securities or options, warrants or rights to purchase Junior Securities) shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any shares of Junior Securities; (ii) no other distribution shall be declared or made upon, or any sum set apart for the payment of any distribution upon, any shares of Junior Securities; (iii) no shares of Junior Securities shall be purchased, redeemed or otherwise acquired or retired for value (excluding an exchange for shares of other Junior Securities or a purchase, redemption or other acquisition from the proceeds of a substantially concurrent sale of Junior Securities) by the corporation or any of its Subsidiaries; and (iv) no monies shall be paid into or set apart or made available for a sinking or other like fund for the purchase, redemption or other acquisition or retirement for value of any shares of Junior Securities by the corporation or any of its Subsidiaries. Holders of the 6 3/4% Preferred Shares will not be entitled to any dividends, whether payable in cash, property or stock, in excess of the full cumulative dividends as herein described.

(4) LIQUIDATION PREFERENCE. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the corporation after payment in full of the Liquidation Preference (and any accrued and unpaid dividends) on any Senior Securities, each Holder of 6 3/4% Preferred Shares shall be entitled, on an equal basis with the holders of the 7 1/4% Preferred Shares and any other outstanding Parity Securities, to payment out of the assets of the corporation available for distribution of the Liquidation Preference per 6 3/4% Preferred Share held by such Holder, plus an amount equal to the accrued and unpaid dividends (if any), Liquidated Damages (as defined) (if any) and the Supplemental Dividend (if any) on the 6 3/4% Preferred Shares to the date fixed for liquidation, dissolution, or winding-up of the corporation before any distribution is made on any Junior Securities, including, without limitation, Common Shares of the corporation. After payment in full of the Liquidation Preference and an amount equal to the accrued and unpaid dividends, Liquidated Damages (if any) and the Supplemental Dividend (if any) to which Holders of the 6 3/4% Preferred Shares are entitled, such Holders will not be entitled to any further participation in any distribution of assets of the corporation. However, neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially

all of the

property or assets of the corporation nor the consolidation or merger of the corporation with or into one or more corporations will be deemed to be a voluntary or involuntary liquidation, dissolution or winding-up of the corporation, unless such sale, conveyance, exchange, transfer, consolidation or merger shall be in connection with a liquidation, dissolution or winding-up of the affairs of the corporation or reduction or decrease in capital stock.

(5) REDEMPTION. The 6 3/4% Preferred Shares may not be redeemed at the option of the corporation on or prior to April 5, 2000. After April 5, 2000 the corporation may redeem the 6 3/4% Preferred Shares (subject to the legal availability of funds therefor). Notwithstanding the foregoing, prior to April 1, 2002, the corporation shall only have the option to redeem the 6 3/4% Preferred Shares if, during the period of 30 consecutive Trading Days ending on the Trading Day immediately preceding the date that the notice of redemption is mailed to Holders, the Closing Price for the Common Shares exceeded $75 divided by the Conversion Rate effective on the date of such notice for at least 20 of such Trading Days. Subject to the immediately preceding sentence, the 6 3/4% Preferred Shares may be redeemed, in whole or in part, at the option of the corporation after April 5, 2000, at the redemption prices specified below (expressed as percentages of the Liquidation Preference thereof), in each case, together with an amount equal to accrued and unpaid dividends on the 6 3/4% Preferred Shares (excluding any declared dividends for which the Record Date has passed), Liquidated Damages (if any) and the Supplemental Dividend (if any) to the date of redemption, upon not less than 15 nor more than 60 days' prior written notice, if redeemed during the period commencing on April 5, 2000 to March 31, 2001 at 105.40%, and thereafter during the 12-month period commencing on April 1 of each of the years set forth below:

YEAR	REDEMPTION RATE
2001	104.73%
2002	104.05%
2003	103.38%
2004	102.70%
2005	102.03%
2006	101.35%
2007	100.68%
2008 and thereafter	100.00%

Except as provided in the preceding sentence, no payment or allowance will be made for accrued dividends on any of the 6 3/4% Preferred Shares called for redemption.

On and after any date fixed for redemption (the "Redemption Date"), provided that the corporation has made available at the office of the Transfer Agent a sufficient amount of cash to effect the redemption, dividends will cease to accrue on the 6 3/4% Preferred Shares called for redemption (except that, in the case of a Redemption Date after a dividend payment Record Date and prior to the related Dividend Payment Date, Holders of the 6 3/4% Preferred Shares on the dividend payment Record Date will be entitled on such Dividend Payment Date to receive the dividend payable on such shares), such shares shall no longer be deemed to be outstanding and all rights of the Holders of such shares as Holders of 6 3/4% Preferred Shares shall cease except the right to receive the cash deliverable upon such redemption, without interest from the Redemption Date.

In the event of a redemption of only a portion of the 6 3/4% Preferred Shares then outstanding, the corporation shall effect such redemption on a pro rata basis, except that the corporation may redeem all of the shares held by Holders of fewer than 100 shares (or all of the shares held by Holders who would hold less than 100 shares as a result of such redemption), as may be determined by the corporation.

With respect to a redemption pursuant hereto, the corporation will send a written notice of redemption by first class mail to each Holder of record of the 6 3/4% Preferred Shares, not fewer than 15 days nor more than 60 days prior to the Redemption Date at its registered address (the "Redemption Notice"); PROVIDED, HOWEVER, that no failure to give such notice nor any deficiency therein shall affect the validity of the procedure for the redemption of the 6 3/4% Preferred Shares to be redeemed except as to the Holder or Holders to whom the corporation has failed to give said notice or except as to the Holder or Holders whose notice was defective. The Redemption Notice shall state:

a. the redemption price;

b. whether all or less than all the outstanding 6 3/4% Preferred Shares are to be redeemed and the total number of 6 3/4% Preferred Shares being redeemed;

c. the Redemption Date;

d. that the Holder is to surrender to the corporation, in the manner, at the place or places and at the price designated, his certificate or certificates representing the 6 3/4% Preferred Shares to be redeemed; and

e. that dividends on the 6 3/4% Preferred Shares to be redeemed shall cease to accumulate on such Redemption Date unless the corporation defaults in the payment of the redemption price.

Each Holder of the 6 3/4% Preferred Shares shall surrender the certificate or certificates representing such 6 3/4% Preferred Shares to the corporation, duly endorsed (or otherwise in proper form for transfer, as determined by the corporation), in the manner and at the place designated in the Redemption Notice, and on the Redemption Date the full redemption price for such shares shall be payable in cash to the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. In the event that less than all of the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(6) VOTING RIGHTS. Each Holder of record of the 6 3/4% Preferred Shares, except as required under Ohio law or as provided in paragraph (6) and in paragraphs (2), (8) and (13) hereof, will be entitled to one vote for each 6 3/4% Preferred Share held by such

Holder on any matter required or permitted to be voted upon by the shareholders of the corporation.

Upon the accumulation of accrued and unpaid dividends on the outstanding 6 3/4% Preferred Shares in an amount equal to six full quarterly dividends (whether or not consecutive) (together with any event with a similar effect pursuant to the terms of any other series of Preferred Shares upon which like rights have been conferred, a "Voting Rights Triggering Event"), the number of members of the corporation's Board of Directors will be immediately and automatically increased by two (unless previously increased pursuant to the terms of any other series of Preferred Shares upon which like rights have been conferred), and the Holders of a majority of the outstanding 6 3/4%

Preferred Shares, voting together as a class (pro rata, based on Liquidation Preference) with the holders of any other series of Preferred Shares upon which like rights have been conferred and are exercisable, will be entitled to elect two members to the Board of Directors of the corporation. Voting rights arising as a result of a Voting Rights Triggering Event will continue until such time as all dividends in arrears on the 6 3/4% Preferred Shares are paid in full. Notwithstanding the foregoing, however, such voting rights to elect directors will expire when the number of outstanding 6 3/4% Preferred Shares is reduced to 13,500 or less.

In the event such voting rights expire or are no longer exercisable because dividends in arrears have been paid in full, the term of any directors elected pursuant to the provisions of this paragraph 6 above shall terminate forthwith and the number of directors constituting the Board of Directors shall be immediately and automatically decreased by two (until the occurrence of any subsequent Voting Rights Triggering Event). At any time after voting power to elect directors shall have become vested and be continuing in Holders of the 6 3/4% Preferred Shares (together with the holders of any other series of Preferred Shares upon which like rights have been conferred and are exercisable) pursuant to this paragraph 6, or if vacancies shall exist in the offices of directors elected by such holders, a proper officer of the corporation may, and upon the written request of Holders of record of at least 25% of the outstanding 6 3/4% Preferred Shares or holders of 25% of outstanding shares of any other series of Preferred Shares upon which like rights have been conferred and are exercisable addressed to the Secretary of the corporation shall call a special meeting of Holders of the 6 3/4% Preferred Shares and the holders of such other series of Preferred Shares for the purpose of electing the directors which such holders are entitled to elect pursuant to the terms hereof; PROVIDED, HOWEVER, that no such special meeting shall be called if the next annual meeting of shareholders of the corporation is to be held within 60 days after the voting power to elect directors shall have become vested (or such vacancies arise, as the case may be), in which case such meeting shall be deemed to have been called for such next annual meeting. If such meeting shall not be called, pursuant to the provision of the immediately preceding sentence, by a proper officer of the corporation within 20 days after personal service to the Secretary of the corporation at its principal executive offices, then Holders of record of at least 25% of the outstanding 6 3/4% Preferred Shares or holders of 25% of shares of any other series of Preferred Shares upon which like rights have been conferred and are exercisable may designate in writing one of their members to call such meeting at the expense of the corporation, and such meeting may be called by the person so designated

upon the notice required for the annual meetings of shareholders of the corporation and shall be held at the place for holding the annual meetings of shareholders. Any Holder of the 6 3/4% Preferred Shares or such other series of Preferred Shares so designated shall have, and the corporation shall provide, access to the lists of Holders of the 6 3/4% Preferred Shares and the holders of such other series of Preferred Shares for any such meeting of the holders thereof to be called pursuant to the provisions hereof. If no special meeting of Holders of the 6 3/4% Preferred Shares and the holders of such other series of Preferred Shares is called as provided in this paragraph 6, then such meeting shall be deemed to have been called for the next meeting of shareholders of the corporation.

At any meeting held for the purposes of electing directors at which Holders of the 6 3/4% Preferred Shares (together with the holders of any other series of Preferred Shares upon which like rights have been conferred and are exercisable) shall have the right, voting together as a separate class, to elect directors as aforesaid, the presence in person or by proxy of Holders of at least a majority in voting power of the outstanding 6 3/4% Preferred Shares (and such other series of Preferred Shares) shall be required to constitute a quorum thereof.

Any vacancy occurring in the office of a director elected by Holders of the

6 3/4% Preferred Shares (and such other series of Preferred Shares) may be filled by the remaining director elected by Holders of the 6 3/4% Preferred Shares (and such other series of Preferred Shares) unless and until such vacancy shall be filled by Holders of the 6 3/4% Preferred Shares (and such other series of Preferred Shares).

So long as any 6 3/4% Preferred Shares are outstanding, the corporation will not amend this Article Fourth so as to affect adversely the specified rights, preferences, privileges or voting rights of Holders of the 6 3/4% Preferred Shares or to authorize the issuance of any additional 6 3/4% Preferred Shares without the affirmative vote of Holders of at least two-thirds of the issued and outstanding 6 3/4% Preferred Shares, voting as one class, given in person or by proxy, either in writing or by resolution approved at an annual or special meeting.

Except as set forth above and otherwise required by applicable law, the creation, authorization or issuance of any shares of any Junior Securities, Parity Securities or Senior Securities, or the increase or decrease in the amount of authorized Capital Shares of any class, including Preferred Shares, shall not require the affirmative vote or consent of Holders of the 6 3/4% Preferred Shares and shall not be deemed to affect adversely the rights, preferences, privileges or voting rights of the 6 3/4% Preferred Shares.

In any case in which the Holders of the 6 3/4% Preferred Shares shall be entitled to vote pursuant hereto or pursuant to Ohio law, each Holder of the 6 3/4% Preferred Shares entitled to vote with respect to such matters shall be entitled to one vote for each 6 3/4% Preferred Share held by such Holder.

(7) CONVERSION RIGHTS. The 6 3/4% Preferred Shares will be convertible at the option of the Holder, into Common Shares at any time, unless previously redeemed or repurchased, at a conversion rate of 28.838 Common Shares per 6 3/4% Preferred Share

(as adjusted pursuant to the provisions hereof, the "Conversion Rate") (subject to the adjustments described below). The right to convert a 6 3/4% Preferred Share called for redemption or delivered for repurchase will terminate at the close of business on the Redemption Date for such 6 3/4% Preferred Shares or at the time of the repurchase, as the case may be.

The right of conversion attaching to any 6 3/4% Preferred Share may be exercised by the Holder thereof by delivering the certificate for such share to be converted to the office of the Transfer Agent, or any agency or office of the corporation maintained for that purpose, accompanied by a duly signed and completed notice of conversion in form reasonably satisfactory to the Transfer Agent of the corporation, such as that which is set forth in Exhibit B hereto. The conversion date will be the date on which the share certificate and the duly signed and completed notice of conversion are so delivered. As promptly as practicable on or after the conversion date, the corporation will issue and deliver to the Transfer Agent a certificate or certificates for the number of full Common Shares issuable upon conversion, with any fractional shares rounded up to full shares or, at the corporation's option, payment in cash in lieu of any fraction of a share, based on the Closing Price of the Common Shares on the Trading Day preceding the conversion date. Such certificate or certificates will be delivered by the Transfer Agent to the appropriate Holder on a book-entry basis or by mailing certificates evidencing the additional shares to the Holders at their respective addresses set forth in the register of Holders maintained by the Transfer Agent. All Common Shares issuable upon conversion of the 6 3/4% Preferred Shares will be fully paid and nonassessable and will rank PARI PASSU with the other Common Shares outstanding from time to time. Any 6 3/4% Preferred Shares surrendered for conversion during the period from the close of business on any Record Date to the opening of business on the next succeeding Dividend Payment Date must be accompanied by payment of an amount equal to the dividends payable on such Dividend Payment Date on the 6 3/4% Preferred Shares being surrendered for conversion. No other payment or adjustment for dividends, or for any dividends in respect of Common Shares, will be made upon conversion. The holders of Common Shares issued upon conversion will not be entitled to receive any dividends payable to holders of Common Shares as of any record time before the close of business on the conversion date.

The Conversion Rate shall be adjusted from time to time by the corporation as follows:

a. If the corporation shall hereafter pay a dividend or make a distribution in Common Shares to all holders of any outstanding class or series of Common Shares of the corporation, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction of which the denominator shall be the number of Common Shares outstanding at the close of business on the Record Date (as defined below) fixed for such determination and the numerator shall be the sum of such number of outstanding shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this provision (a) is declared but not so paid or made, the Conversion Rate shall again be

adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

b. If the outstanding Common Shares shall be subdivided into a greater number of Common Shares, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased and, conversely, if the outstanding Common Shares shall be combined into a smaller number of Common Shares, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

c. If the corporation shall offer or issue rights, options or warrants to all holders of its outstanding Common Shares entitling them to subscribe for or purchase Common Shares at a price per share less than the Current Market Price (as defined below) on the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction of which the denominator shall be the number of Common Shares outstanding at the close of business on the Record Date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares subject to such rights, options or warrants would purchase at such Current Market Price and of which the numerator shall be the number of Common Shares outstanding at the close of business on the Record Date plus the total number of additional Common Shares subject to such rights, options or warrants for subscription or purchase. Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of shareholders entitled to purchase or receive such rights or warrants. To the extent that Common Shares are not delivered pursuant to such rights, options or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of Common Shares actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase Common Shares at less than such Current Market Price, and in determining the aggregate offering price of such Common Shares, there shall be taken into account any consideration received for such rights or warrants, with the value of such consideration, if other than cash, to be determined by the Board of Directors.

d. If the corporation shall, by dividend or otherwise, distribute to all holders of its Common Shares of any class of Capital Stock of the corporation (other than any dividends or distributions to which provision (a) of this paragraph applies) or evidences of its indebtedness, cash or other assets (including securities, but excluding any rights or

warrants of a type referred to in paragraph (c) of this paragraph) (the foregoing hereinafter called the "Distributed Securities"), then, in each such case, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date (as defined below) with respect to such distribution by a fraction of which the denominator shall be the Current Market Price (determined as provided in provision g(i) of this paragraph) of the Common Shares on such date less the Fair Market Value (as defined below) on such date of the portion of the Distributed Securities so distributed applicable to one Common Share and the numerator shall be such Current Market Price, such increase to become effective immediately prior to the opening of business on the day following the Record Date; PROVIDED, HOWEVER, that, in the event the then Fair Market Value (as so determined) of the portion of the Distributed Securities so distributed applicable to one Common Share is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder of the 6 3/4% Preferred Shares shall have the right to receive upon conversion of a 6 3/4% Preferred Share (or any portion thereof) the amount of Distributed Securities such Holder would have received had such Holder converted such 6 3/4% Preferred Share (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the Fair Market Value of any distribution for purposes hereof by reference to the actual or when issued trading market for any securities comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price pursuant to provision g(i) of this paragraph to the extent possible.

Rights or warrants distributed by the corporation to all holders of Common Shares entitling the holders thereof to subscribe for or purchase shares of the corporation's Capital Stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Dilution Trigger Event"): (i) are deemed to be transferred with such Common Shares; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Shares, shall be deemed not to have been distributed for purposes of this provision (d) (and no adjustment to the Conversion Rate under this provision (d) shall be required) until the occurrence of the earliest Dilution Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment to the Conversion Rate under this provision (d) shall be made. If any such rights or warrants, including any such existing rights or warrants distributed prior to the date hereof, are subject to subsequent events, upon the occurrence of each of which such rights or warrants shall become exercisable to purchase different securities, evidences of indebtedness or other assets, then the occurrence of each such event shall be deemed to be such date of issuance and record date with respect to new rights or warrants (and a termination or expiration of the existing rights or warrants without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Dilution Trigger Event with respect thereto, that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this provision (d) was made, (1) in

the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Dilution Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Shares with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Shares as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights and warrants had not been issued.

Notwithstanding any other provision of this provision (d) to the contrary, Capital Stock, rights, warrants, evidences of indebtedness, other securities, cash or other assets (including, without limitation, any rights distributed pursuant to any shareholder rights plan) shall be deemed not to have been distributed for purposes of this provision (d) if the corporation makes proper provision so that each Holder of 6 3/4% Preferred Shares who converts a 6 3/4% Preferred Share (or any portion thereof) after the date fixed for determination of shareholders entitled to receive such distribution shall be entitled to receive upon such conversion, in addition to the Common Shares issuable upon such conversion, the amount and kind of such distributions that such Holder would have been entitled to receive if such Holder had, immediately prior to such determination date, converted such 6 3/4% Preferred Share into Common Shares.

For purposes of this provision (d), provision (a) and provision (b), any dividend or distribution to which this provision (d) is applicable that also includes Common Shares, or rights or warrants to subscribe for or purchase Common Shares to which provision (b) applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, cash, assets, shares of Capital Stock, rights or warrants other than (A) such Common Shares or (B) rights or warrants to which provision (b) applies (and any Conversion Rate increase required by this provision (d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such Common Shares or such rights or warrants (and any further Conversion Rate increase required by provisions (a) and (b) with respect to such dividend or distribution shall then be made), except that (1) the Record Date of such dividend or distribution shall be substituted as "the Record Date fixed for the determination of shareholders entitled to receive such dividend or other distribution", "Record Date fixed for such determination" and "Record Date" within the meaning of provision (a) and as "the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants", "the date fixed for the determination of the shareholders entitled to receive such rights or warrants" and "such Record Date" within the meaning of provision (b), and (2) any Common Shares included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of provision (a).

e. If the corporation shall, by dividend or otherwise, distribute to all holders of its Common Shares cash (excluding any cash that is part of a distribution referred to in provision (d)) in an aggregate amount that, combined together with (1) the aggregate

amount of any other such distributions to all holders of its Common Shares made exclusively in cash within the 12 months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this provision (e) has been made and (2) the aggregate of any cash plus the Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) of consideration payable in respect of any tender offer by the corporation or a Subsidiary of the corporation for all or any portion of the Common Shares concluded within the 12 months preceding the date of payment of such Distribution, and in respect of which no adjustment pursuant to provision (d) has been made, exceeds 10% of the product of the Current Market Price (determined as provided below) on the Record Date with respect to such distribution times the number of Common Shares outstanding on such date, then, and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction (i) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the excess of such combined amount over such 10% amount divided by (y) the number of Common Shares outstanding on the Record Date and (ii) the numerator of which shall be equal to the Current Market Price on such Record Date; PROVIDED, HOWEVER, that, if the portion of the cash so distributed applicable to one Common Share is equal to or greater than the Current Market Price of the Common Shares on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder of 6 3/4% Preferred Shares shall have the right to receive upon conversion of each 6 3/4% Preferred Share (or any portion thereof) the amount of cash such Holder would have received had such Holder converted such 6 3/4% Preferred Share (or portion thereof) immediately prior to such Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

f. If a tender or exchange offer made by the corporation or any of its Subsidiaries for all or any portion of Common Shares expires and such tender or exchange offer (as amended upon the expiration thereof) requires the payment to shareholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a Fair Market Value that, combined together with (1) the aggregate of the cash plus the Fair Market Value, as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the corporation or any of its subsidiaries for all or any portion of the Common Shares expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this provision (f) has been made and (2) the aggregate amount of any distributions to all holders of the Common Shares made exclusively in cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to provision (e) has been made, exceeds 10% of the product of the Current Market Price as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of Common Shares outstanding (including any tendered shares) at the Expiration Time, then, and in each such case, immediately prior to the

opening of business on the day after the date of the Expiration Time, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the date of the Expiration Time by a fraction of which the denominator shall be the number of Common Shares outstanding (including any tendered shares) at the Expiration Time multiplied by the Current Market Price of the Common Shares on the Trading Day next succeeding the Expiration Time and the numerator shall be the sum of (x) the Fair Market Value of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of Common Shares outstanding (less any Purchased Shares) at the Expiration Time and the Current Market Price of the Common Shares on the Trading Day next succeeding the Expiration Time, such reduction (if any) to become effective immediately prior to the opening of business on the day following the Expiration Time. If the corporation is obligated to purchase shares pursuant to any such tender offer, but the corporation is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer had not been made. If the application of this provision (f) to any tender offer would result in a decrease in the Conversion Rate, no adjustment shall be made for such tender offer under this provision (f). The corporation may make voluntary increases in the Conversion Rate in addition to those required in the foregoing provisions, provided that each such increase is in effect for at least 20 calendar days.

In addition, in the event that any other transaction or event occurs as to which the foregoing Conversion Rate adjustment provisions are not strictly applicable but the failure to make any adjustment would adversely affect the conversion rights represented by the 6 3/4% Preferred Shares in accordance with the essential intent and principles of such provisions, then, in each such case, either (i) the corporation will appoint an investment banking firm of recognized national standing, or any other financial expert that does not (or whose directors, officers, employees, affiliates or shareholders do not) have a direct or material indirect financial interest in the corporation or any of its Subsidiaries, who has not been, and, at the time it is called upon to give independent financial advice to the corporation, is not (and none of its directors, officers, employees, affiliates or shareholders are) a promoter, director or officer of the corporation or any of its subsidiaries, which will give their opinion upon or (ii) the Board of Directors shall, in its sole discretion, determine consistent with the Board of Directors' fiduciary duties to the holders of the corporation's Common Shares, the adjustment, if any, on a basis consistent with the essential intent and principles established in the foregoing Conversion Rate adjustment provisions, necessary to preserve, without dilution, the conversion rights represented by the 6 3/4% Preferred Shares. Upon receipt of such opinion or determination, the corporation will promptly mail a copy thereof to the Holders of the 6 3/4% Preferred Shares and will, subject to the fiduciary duties of the Board of Directors, make the adjustments described therein.

The corporation will provide to Holders of the 6 3/4% Preferred Shares reasonable notice of any event that would result in an adjustment to the Conversion Rate pursuant to this section so as to permit the Holders to effect a conversion of the 6 3/4% Preferred Shares into Common Shares prior to the occurrence of such event.

g. For purposes of this paragraph, the following terms shall have the meaning indicated:

i. "Current Market Price" means the average of the daily closing prices per Common Shares for the 10 consecutive trading days immediately prior to the date in question.

ii. "Fair Market Value" shall mean the amount which a willing buyer would pay a willing seller in an arm's-length transaction, under usual and ordinary circumstances and after consideration of all available uses and purposes without any compulsion upon the seller to sell or the buyer to buy, as determined by the Board of Directors, whose determination shall be made in good faith and shall be conclusive and described in a resolution of the Board of Directors.

iii. "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares have the right to receive any cash, securities or other property or in which the

Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

h. No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in such rate; PROVIDED, HOWEVER, that any adjustments which by reason of this paragraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph shall be made by the corporation and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Shares.

i. Whenever the Conversion Rate is adjusted as herein provided, the corporation shall promptly file with the Transfer Agent an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such certificate, the corporation shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to each Holder of the 6 3/4% Preferred Shares at such Holder's last address appearing on the register of Holders maintained for that purpose within 20 days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

j. In any case in which this paragraph provides that an adjustment shall become effective immediately after a Record Date for an event, the corporation may defer until the occurrence of such event issuing to the Holder of any 6 3/4% Preferred Shares converted

after such Record Date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event over and above the Common Shares issuable upon such conversion before giving effect to such adjustment.

k. For purposes of this paragraph, the number of Common Shares at any time outstanding shall not include shares held in the treasury of the corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares. The corporation shall not pay any dividend or make any distribution on Common Shares held in the treasury of the corporation.

(8) CERTAIN COVENANTS.

a. TRANSACTIONS WITH AFFILIATES

Without the affirmative vote or consent of the Holders of a majority of the outstanding 6 3/4% Preferred Shares, the corporation will not, and will not permit any of its Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to the corporation or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the corporation or such Subsidiary with an unrelated Person and (ii) the corporation files in its minute books with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $1.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction has been approved by a majority of the members of the Board of Directors that are disinterested as to such Affiliate Transaction.

As used herein, "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

The provisions of the foregoing paragraph shall not prohibit (i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors, (ii) the grant of stock options or similar rights to employees and directors of the corporation pursuant to plans approved by the Board of Directors, (iii) any employment or consulting arrangement or agreement entered into by the

corporation or any of its Subsidiaries in the ordinary course of business and consistent with the past practice of the corporation or such Subsidiary, (iv) the payment of reasonable fees to directors of the corporation and its Subsidiaries who are not employees of the corporation or its Subsidiaries, (v) any Affiliate Transaction between the corporation and a Subsidiary thereof or between such Subsidiaries (for purposes of this paragraph, "Subsidiary" includes any entity deemed to be an Affiliate because the corporation or any of its Subsidiaries own securities in such entity or controls such entity), or (vi) transactions between IXC or any subsidiary thereof specifically contemplated by the PSINet Agreement dated as of July 22, 1997 between a subsidiary of IXC and PSINet, as amended as of the date hereof.

b. PAYMENTS FOR CONSENT

Neither the corporation nor any of its Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of dividend or other distribution, fee or otherwise, to any Holder of 6 3/4% Preferred Shares for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Article Fourth or the 6 3/4% Preferred Shares unless such consideration is offered to be paid and is paid to all Holders of the 6 3/4% Preferred Shares that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

c. REPORTS

Whether or not required by the rules and regulations of the SEC, so long as any 6 3/4% Preferred Shares are outstanding, the corporation will furnish to the Holders of the 6 3/4% Preferred Shares (i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the corporation were required to file such Forms, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the corporation's certified independent accountants and (ii) all information that would be required to be contained in a current report on Form 8-K if the corporation were required to file such reports. In the event the corporation has filed any such report with the SEC, it will not be obligated to separately furnish the report to any Holder unless and until such Holder requests a copy of the report. In addition, whether or not required by the rules and regulations of the SEC, the corporation will file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

(9) MERGER, CONSOLIDATION OR SALE OF ASSETS OF THE CORPORATION. In the event that the corporation is party to any Fundamental Change or transaction (including, without limitation, a merger other than a merger that does not result in a reclassification, conversion, exchange or cancellation of Common Shares), consolidation, sale of all or substantially all of the assets of the corporation, recapitalization or reclassification of Common Shares (other than a change in par value, or from par value to no par value, or from no par value to par value or as a result of a

subdivision or combination of Common Shares) or any compulsory share exchange (each of the foregoing, including any Fundamental Change, being referred to as a "Transaction"), the corporation will be obligated, subject to applicable provisions of state law, either to offer (a "Repurchase Offer") to purchase all of the 6 3/4% Preferred Shares on the date (the "Repurchase Date") that is 75 days after the date the corporation gives notice of the Transaction, at a price (the "Repurchase Price") equal to $1,000.00 per 6 3/4% Preferred Share, together with an amount equal to accrued and unpaid dividends on the 6 3/4% Preferred Shares through the Repurchase Date or to adjust the Conversion Rate as described below. If a Repurchase Offer is made, the corporation shall deposit, on or prior to the Repurchase Date, with a paying agent an amount of money sufficient to pay the aggregate Repurchase Price of the 6 3/4% Preferred Shares which is to be paid on the Repurchase Date.

On or before the 15th day after the corporation knows or reasonably should know that a Transaction has occurred, the corporation will be required to mail to all Holders a notice of the occurrence of such Transaction and whether or not the documents governing the corporation's indebtedness permit at such time a Repurchase Offer, and, as applicable, either the new Conversion Rate (as adjusted at the option of the corporation) or the date by which the Repurchase Offer must be accepted, the Repurchase Price for the 6 3/4% Preferred Shares and the procedures which the Holder must follow to accept the Repurchase Offer. To accept the Repurchase Offer, the Holder of a 6 3/4% Preferred Share will be required to deliver, on or before the 10th day prior to the Repurchase Date, written notice to the corporation (or an agent designated by the corporation for such purpose) of Holder's acceptance, together with the certificates evidencing the 6 3/4% Preferred Shares with respect to which the offer is being accepted, duly endorsed for transfer.

In the event the corporation does not make a Repurchase Offer with respect to a Transaction and such Transaction results in Common Shares being converted into the right to receive, or being exchanged for, (i) in the case of any Transaction other than a Transaction involving a Common Shares Fundamental Change (as defined below) (and subject to funds being legally available for such purpose under applicable law at the time of such conversion), securities, cash or other property, each 6 3/4% Preferred Share shall thereafter be convertible into the kind and, in the case of a Transaction which does not involve a Fundamental Change (as defined below), amount of securities, cash and other property receivable upon the consummation of such Transaction by a holder of that number of Common Shares into which a 6 3/4% Preferred Share was convertible immediately prior to such Transaction or (ii) in the case of a Transaction involving a Common Shares Fundamental Change, each 6 3/4% Preferred Share shall thereafter be convertible (in the manner described therein) into common stock of the kind received by holders of Common Shares (but in each case after giving effect to any adjustment discussed below relating to a Fundamental Change if such Transaction constitutes a Fundamental Change), other than as required by Ohio law.

If any Fundamental Change occurs, then the Conversion Rate in effect will be adjusted immediately after such Fundamental Change as described below. In addition, in the event of a Common Shares Fundamental Change, each share of the 6 3/4% Preferred

Shares shall be convertible solely into common stock of the kind received by holders of Common Shares as a result of such Common Shares Fundamental Change.

The Conversion Rate in the case of any Transaction involving a Fundamental Change will be adjusted immediately after such Fundamental Change:

(i) in the case of a Non-Stock Fundamental Change (as defined below), the Conversion Rate will thereupon become the higher of (A) the Conversion Rate in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other prior adjustments effected, and (B) a fraction, the numerator of which is (x) the redemption rate for one 6 3/4% Preferred Share if the redemption date were the date of such Non-Stock Fundamental Change (or, for the twelve-month period commencing April 1, 1999, 106.075%), multiplied by $1,000 plus (y) the amount of any then-accrued and unpaid dividends on one 6 3/4% Preferred Share, and the denominator of which is the greater of the Applicable Price or the then applicable Reference Market Price; and

(ii) in the case of a Common Shares Fundamental Change, the Conversion Rate in effect immediately prior to such Common Shares Fundamental Change, but after giving effect to any other prior adjustments effected, will thereupon be adjusted by multiplying such Conversion Rate by a fraction of which the denominator will be the Purchaser Stock Price (as defined below) and the numerator will be the Applicable Price; PROVIDED, HOWEVER, that in the event of a Common Shares Fundamental Change in which (A) 100% of the value of the consideration received by a holder of Common Shares is common stock of the successor, acquiror, or other third party (and cash, if any, is paid only with respect to any fractional interests in such common stock resulting from such Common Shares Fundamental Change) and (B) all Common Shares will have been exchanged for, converted into, or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror, or other third party, the Conversion Rate in effect immediately prior to such Common Shares Fundamental Change will thereupon be adjusted by multiplying such Conversion Rate by the number of shares of common stock of the successor, acquirer, or other third party received by a holder of one Common Share as a result of such Common Shares Fundamental Change.

The term "Applicable Price" means (i) in the case of a Non-Stock Fundamental Change in which the holders of Common Shares receive only cash, the amount of cash received by the holder of one Common Share and (ii) in the event of any other Non-Stock Fundamental Change or any Common Shares Fundamental Change, the average of the Closing Price (as defined below) for Common Shares during the ten Trading Days prior to the record date for the determination of the holders of Common Shares entitled to receive such securities, cash, or other property in connection with such Non-Stock Fundamental Change or Common Shares Fundamental Change or, if there is no such record date, the date upon which the holders of Common Shares shall have the right to receive such securities, cash, or other property (such record date or distribution date being hereinafter referred to as the "Entitlement Date") in each case as adjusted in good faith by the corporation to appropriately reflect any of the events referred to above.

The term "Common Shares Fundamental Change" means any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors of the corporation) of the consideration received by holders of Common Shares consists of common stock that for each of the ten consecutive Trading Days prior to the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the Nasdaq National Market; provided, however, that a Fundamental Change shall not be a Common Shares Fundamental Change unless either (i) the corporation continues to exist after the occurrence of such

Fundamental Change and the outstanding 6 3/4% Preferred Shares continue to exist as outstanding 6 3/4% Preferred Shares or (ii) not later than the occurrence of such Fundamental Change, the outstanding 6 3/4% Preferred Shares are converted into or exchanged for convertible Preferred Shares of an entity succeeding to the business of the corporation or a subsidiary thereof, which convertible Preferred Shares has powers, preferences, and relative, participating, optional, or other rights and qualifications, limitations, and restrictions, substantially similar to those of the 6 3/4% Preferred Shares.

The term "Fundamental Change" means the occurrence of any Transaction or event in connection with a plan pursuant to which all or substantially all Common Shares shall be exchanged for, converted into, acquired for, or constitute solely the right to receive securities, cash, or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization, or otherwise), provided, that, in the case of a plan involving more than one such Transaction or event, for purposes of adjustment of the Conversion Rate, such Fundamental Change shall be deemed to have occurred when substantially all Common Shares shall be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash, or other property, but the adjustment shall be based upon the consideration that a holder of Common Shares received in such Transaction or event as a result of which more than 50% of Common Shares shall have been exchanged for, converted into, or acquired or constitute solely the right to receive securities, cash, or other property.

The term "Non-Stock Fundamental Change" means any Fundamental Change other than a Common Shares Fundamental Change.

The term "Purchaser Stock Price" means, with respect to any Common Shares Fundamental Change, the average of the Closing Prices for the common stock received in such Common Shares Fundamental Change for the ten consecutive Trading Days prior to and including the Entitlement Date, as adjusted in good faith by the corporation to appropriately reflect any of the events referred to above.

The term "Reference Market Price" shall initially mean $18.51 (which is equal to $38.79 divided by 2.096 (which is the exchange ratio for shares of common stock of IXC in the Agreement and Plan of Merger dated as of July 20, 1999 among the corporation, Ivory Merger and IXC)), and in the event of any adjustment of the Conversion Rate other than as a result of a Non-Stock Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Rate after

giving effect to any such adjustment shall always be the same as the ratio of the initial Reference Market Price to the initial Conversion Rate.

In case (1) the corporation shall declare a dividend (or any other distribution) on its Common Shares payable otherwise than in cash out of its earned surplus, (2) the corporation shall authorize the granting to all holders of its Common Shares of rights or warrants to subscribe for or purchase any shares of Capital Stock of any class or of any other rights, (3) of any reclassification of the Common Shares of the corporation (other than a subdivision or combination of its outstanding Common Shares), (4) of any consolidation or merger to which the corporation is a party and for which approval of any shareholders of the corporation is required, (5) of the sale or transfer of all or substantially all the assets of the corporation, or (6) of the voluntary or involuntary dissolution, liquidation or winding-up of the corporation, then the corporation shall cause to be filed with the Transfer Agent and at each office or agency maintained for the purpose of conversion of the 6 3/4% Preferred Shares, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the 6 3/4% Preferred Shares Register, at least 20 days (or 10 days in any case specified in clause (1) or (2) above) prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distribution, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation is expected to become effective, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation. Failure to give the notice requested by this paragraph or any defect therein shall not affect the legality or validity of any dividend, distribution, right, warrant, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up of the corporation, or the vote upon any such action. The corporation shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Shares (or out of its authorized Common Shares held in the treasury of the corporation), for the purpose of effecting the conversion of the 6 3/4% Preferred Shares, the full number of Common Shares then issuable upon the conversion of all outstanding 6 3/4% Preferred Shares.

The corporation will pay any and all document, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of Common Shares on conversion of the 6 3/4% Preferred Shares pursuant hereto. The corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of Common Shares in a name other than that of the Holder of a 6 3/4% Preferred Share or 6 3/4% Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the corporation the amount of any such tax, or has established to the satisfaction of the corporation that such tax has been paid.

(10) REISSUANCE OF THE 6 3/4% PREFERRED SHARES. 6 3/4% Preferred Shares redeemed for or converted into Common Shares or that have been reacquired in any manner shall not be reissued as 6 3/4% Preferred Shares and shall (upon compliance with any applicable provisions of Ohio law) have the status of authorized and unissued Preferred Shares undesignated as to series and may be redesignated and reissued as part of any series of Preferred Shares (except as provided by Ohio law); PROVIDED, however, that so long as any 6 3/4% Preferred Shares are outstanding, any issuance of such shares must be in compliance with the terms hereof.

(11) BUSINESS DAY. If any payment, redemption or exchange shall be required by the terms hereof to be made on a day that is not a Business Day, such payment, redemption or exchange shall be made on the immediately succeeding Business Day.

(12) AMENDMENT, SUPPLEMENT AND WAIVER. Except as set forth in paragraph (6), the corporation may amend this Paragraph 12 to Article Fourth with the affirmative vote of the Holders of a majority of the outstanding 6 3/4% Preferred Shares (including votes obtained in connection with a tender offer or exchange offer for the 6 3/4% Preferred Shares) and, except as otherwise provided by applicable law, any past default or failure to comply with any provision of this Article Fourth may also be waived with the consent of such Holders. Notwithstanding the foregoing and except as set forth in paragraph (6), however, without the consent of each Holder affected, an amendment or waiver may not (with respect to any 6 3/4% Preferred Shares held by a non-consenting Holder): (i) alter the voting rights with respect to the 6 3/4% Preferred Shares or reduce the number of 6 3/4% Preferred Shares whose Holders must consent to an amendment, supplement or waiver, (ii) reduce the Liquidation Preference of the 6 3/4% Preferred Shares or adversely alter the provisions with respect to the redemption of the 6 3/4% Preferred Shares, (iii) reduce the rate of or change the time for payment of dividends on the 6 3/4% Preferred Shares, (iv) waive a default in the payment of dividends (including the Supplemental Dividend) or Liquidated Damages on the 6 3/4%

Preferred Shares, (v) make any 6 3/4% Preferred Share payable in money other than United States dollars, (vi) make any change in the provisions of Paragraph 12 to Article Fourth relating to waivers of the rights of Holders of the 6 3/4% Preferred Shares to receive either the Liquidation Preference, Liquidated Damages (if any), the Supplemental Dividend (if any) or dividends on the 6 3/4% Preferred Shares or (vii) make any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any Holder of the 6 3/4% Preferred Shares, the corporation may (to the extent permitted by, and subject to the requirements of, Ohio law) amend or supplement this Paragraph 12 to Article Fourth to cure any ambiguity, defect or inconsistency, to provide for uncertificated 6 3/4% Preferred Shares in addition to or in place of certificated 6 3/4% Preferred Shares, to make any change that would provide any additional rights or benefits to the Holders of the 6 3/4% Preferred Shares or to make any change that the Board of Directors determines, in good faith, is not materially adverse to Holders of the 6 3/4% Preferred Shares.

(13) FORM S-4 REGISTRATION STATEMENT; LIQUIDATED DAMAGES. Pursuant to the Agreement and Plan of Merger dated as of July 20, 1999, by and among the corporation, Ivory Merger and IXC. (the "Merger Agreement"), the corporation has filed with the SEC on September 13, 1999, and the SEC has declared effective, a Registration Statement on Form S-4 under the Securities Act (the "S-4 Registration Statement") with respect to the 6 3/4% Preferred Shares, Depositary Shares representing a one-twentieth interest in a 6 3/4% Preferred Share ("the Depositary Shares") and Common Shares issuable upon conversion thereof or paid as dividends thereon (collectively, the "S-4 Registered Securities"), thereby providing that a holder thereof will be able to sell or transfer such S-4 Registered Securities without filing a registration statement under the Securities Act.

The corporation will use its best efforts to maintain the effectiveness of the S-4 Registration Statement until all S-4 Registered Securities that are not held by affiliates of the corporation (A) may be resold without restriction under Rule 144 of the Securities Act or (B) have been sold pursuant to the S-4 Registration Statement (subject to the corporation's right to notify Holders that the Prospectus contained therein ceases to be accurate and complete as a result of material business developments for up to 120 days during such three-year period, provided that (x) no single period may exceed 45 days and (y) such periods in the aggregate may not exceed 60 days in any calendar year). If a holder of S-4 Restricted Securities that is not an affiliate of the corporation becomes unable to sell or transfer outstanding S-4 Registered Securities without filing a registration statement under the Securities Act (such event a "Registration Default"), then the corporation will pay Liquidated Damages to such holder with respect to the first 45-day period immediately following the occurrence of such Registration Default in an amount equal to $0.25 per year per Depositary Share ($5.00 per year per $ 1,000 in Liquidation Preference of the 6 3/4% Preferred Shares) held by such Holder. The amount of the Liquidated Damages will increase by an additional $2.50 per year per $1,000 in Liquidation Preference of the 6 3/4% Preferred Shares with respect to any subsequent period until any Registration Default has been cured. In addition, Holders of 6 3/4% Preferred Shares which are S-4 Registered Securities may receive Liquidated Damages with respect to Common Shares which are S-4 Registered Securities issued in lieu of paying dividends in cash. The Liquidated Damages amount per Common Share will be equal to the Liquidated Damages per 6 3/4% Preferred Share, divided by the Conversion Rate. All accrued Liquidated Damages will be paid by the corporation, to the extent permitted by applicable law, on each Dividend Payment Date and, to the extent the net dividend payable on such date may be paid through the issuance of Common Shares, may be paid in Common Shares (valued on the same basis as for the dividend then payable). Following the cure of all Registration Defaults, the accrual of Liquidated Damages will cease. Notwithstanding anything to the contrary herein contained, during any period, the corporation will not be required to pay Liquidated Damages with respect to more than one Registration Default.

(14) TRANSFER AND EXCHANGE. When a 6 3/4% Preferred Share certificate is presented to the Transfer Agent with a request to register the transfer of such 6 3/4% Preferred Share or to exchange 6 3/4% Preferred Shares for an equal number of 6 3/4% Preferred Shares of other authorized denominations, the Transfer Agent shall register the

transfer or make the exchange as requested if its reasonable requirements for such transaction are met and such transfer or exchange is in compliance with applicable laws or regulations.

(15) CERTAIN DEFINITIONS. As used in this paragraph 12 of Article Fourth, the following terms shall have the following meanings (and (1) terms defined in the singular have comparable meanings when used in the plural and vice versa, (2) "including" means including without limitation, (3) "or" is not exclusive and (4) an accounting term not otherwise defined has the meaning assigned to it in accordance with United States generally accepted accounting principles as in effect on the Issue Date and all accounting calculations will be determined in accordance with such principles), unless the content otherwise requires:

"BOARD OF DIRECTORS" mean the Board of Directors of the corporation or any committee thereof duly authorized to act on behalf of the Board.

"BUSINESS DAY" means each day which is not a legal holiday.

"CAPITAL STOCK" of any person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any Preferred Shares, but excluding any debt securities convertible into or exchangeable for such equity.

"CLOSING PRICE" means on any day the reported last bid price on such day, or in case no sale takes place on such day, the average of the reported closing bid and asked prices on the principal national securities exchange on which such stock is listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices as furnished by any independent registered broker-dealer firm, selected by the corporation for that purpose, in each case adjusted for any stock split during the relevant period.

"DEFAULT" means any event which is, or after notice or passage of time or both would be, a Voting Rights Triggering Event.

"HOLDERS" means the registered holders from time to time of the 6 3/4% Preferred Shares and the Depositary Shares.

"LIQUIDATED DAMAGES" means, with respect to any 6 3/4% Preferred Share, the additional amounts payable pursuant to paragraph 13 hereof.

"OFFICERS' CERTIFICATE" means a certificate signed by two officers of the corporation.

"PERSON" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"SEC" means the Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SUBSIDIARY" means any corporation, association, partnership, limited liability company or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the corporation, the corporation and one or more Subsidiaries or one or more Subsidiaries and any partnership the sole general partner or the managing partner of which the corporation or any Subsidiary or the only general partners of which are the corporation and one or more Subsidiaries or one or more Subsidiaries.

"TRADING DAY" means, in respect of any securities exchange or securities market, each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on the applicable securities exchange or in the applicable securities market.

"TRANSFER AGENT" means the transfer agent for the 6 3/4% Preferred Shares appointed by the corporation.

EXHIBIT A

FORM OF THE 6 3/4 PREFERRED SHARES

FACE OF SECURITY

Certificate Number	Number of Shares of Convertible Preferred Shares
[ ]	[ ]
	CUSIP NO.: [ ]

6 3/4% Cumulative Convertible
(par value $0.0 1) (liquidation preference $ 1,000
per share of 6 3/4% Preferred Shares
of
Cincinnati Bell Inc.

Cincinnati Bell Inc., an Ohio corporation (the "corporation"), hereby certifies that [ ] (the "Holder") is the registered owner of fully paid and non-assessable preferred securities of the corporation designated the 6 3/4% Cumulative Convertible Preferred Shares (without par value) (liquidation preference $1,000 per share of the 6 3/4% Preferred Shares) (the "6 3/4% Preferred Shares"). The shares of the 6 3/4% Preferred Shares are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the 6 3/4% Preferred Shares represented hereby are issued and shall in all respects be subject to the provisions of the Amended Articles of Incorporation of the corporation, as the same may be amended from time to time (the "Articles"). Capitalized terms used herein but not defined shall have the meaning given them in the Articles. The corporation will provide a copy of the Articles to a Holder without charge upon written request to the corporation at its principal place of business.

Reference is hereby made to select provisions of the 6 3/4% Preferred Shares set forth on the reverse hereof, and to the Articles, which select provisions and the Articles shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Articles and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of the 6 3/4% Preferred Shares shall not be entitled to any benefit under the Articles or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the corporation has executed this certificate this [ ] day of [ ], [ ].

CINCINNATI BELL INC.

By:
Name:
Title:

[Seal]

By:
Name:
Title:

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the 6 3/4% Preferred Shares referred to in the within mentioned Articles.

Dated: [ ], [ ]

[THE FIFTH THIRD BANK]

as Transfer Agent,

By:
Authorized Signatory

REVERSE OF SECURITY

Dividends on each share of the 6 3/4% Preferred Shares shall be payable at a rate per annum set forth in the face hereof or as provided in the Articles.

The shares of the 6 3/4% Preferred Shares shall be redeemable as provided in the Articles. The shares of the 6 3/4% Preferred Shares shall be convertible into the corporation's Common Shares in the manner and according to the terms set forth in the Articles.

As required under Ohio law, the corporation shall furnish to any Holder upon request and without charge, a full summary statement of the designations, voting rights preferences, limitations and special rights of the shares of each class or series authorized to be issued by the corporation so far as they have been fixed and determined and the authority of the Board of Directors to fix and determine the designations, voting rights, preferences, limitations and special rights of the class and series of shares of the corporation.

EXHIBIT B

NOTICE OF CONVERSION

(To be Executed by the Registered Holder
in order to Convert the Convertible Preferred Shares)

The undersigned hereby irrevocably elects to convert (the "Conversion") shares of the 6 3/4% Cumulative Convertible Preferred Shares (the "6 3/4% Preferred Shares"), represented by stock certificate No(s).--(the "6 3/4% Preferred Share Certificates") into shares of common stock ("Common Shares") of Cincinnati Bell Inc. (the "corporation") according to the conditions of the Amended Articles of Incorporation of the corporation (the "Articles"), as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates.* No fee will be charged to the holder for any conversion, except for transfer taxes, if any. A copy of each 6 3/4% Preferred Share Certificate is attached hereto (or evidence of loss, theft or destruction thereof).

The undersigned represents and warrants that all offers and sales by the undersigned of the shares of Common Shares issuable to the undersigned upon conversion of the 6 3/4% Preferred Shares shall be made pursuant to registration of the Common Shares under the Securities Act of 1933 (the "Act"), or pursuant to any exemption from registration under the Act.

Any holder, upon the exercise of its conversion rights in accordance with the terms of the Article Fourth and the 6 3/4% Preferred Shares, agrees to be bound by the terms of the Registration Rights Agreement.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Articles.

Date of Conversion:

Applicable Conversion Rate:

Number of shares of Convertible
Preferred Shares to be Converted:

Number of shares of Common Shares to be Issued:

Signature:

Name:

Address:**

Fax No.:

* The corporation is not required to issue shares of Common Shares until the original 6 3/4% Preferred Share Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the corporation or its Transfer Agent. The corporation shall issue and deliver shares of Common Shares to an overnight courier not later than three business days following receipt of the original 6 3/4% Preferred Share Certificate(s) to be converted.

** Address where shares of Common Shares and any other payments or certificates shall be sent by the corporation.

Exhibit (10)(iii)(A)(8)

EMPLOYMENT AGREEMENT

This Agreement is made as of the Effective Date between Cincinnati Bell Inc., an Ohio corporation ("Employer"), and John F. Cassidy ("Employee"). For purposes of this Agreement, "Effective Date" means the date following the day which Employer distributes to its shareholders all of the common shares of Convergys Corporation owned by Employer after the initial public offering of Convergys Corporation common shares.

Employer and Employee agree as follows:

1. EMPLOYMENT. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer, including Employee's Employment Agreement with Cincinnati Bell Telephone Company dated April 8, 1996, are canceled as of the Effective Date. Notwithstanding the preceding sentence, all stock options granted to Employee prior to the Effective Date shall continue in effect in accordance with their respective terms and shall not be modified, amended or canceled by this Agreement.

2. TERM OF AGREEMENT. The term of this Agreement initially shall be the four year period commencing on the Effective Date. On the third anniversary of the Effective Date and on each subsequent anniversary of the Effective Date, the term of this Agreement automatically shall be extended for a period of one additional year. Notwithstanding the foregoing, the term of this Agreement is subject to termination as provided in Section 13.

3. DUTIES.

A. Employee will serve as President Cincinnati Bell Wireless of Employer or in such other equivalent capacity as may be designated by the President of Employer. Employee will report to the Chief Operating Officer of Employer or to such other officer as the President of Employer may direct.

B. Employee shall furnish such managerial, executive, financial, technical, and other skills, advice, and assistance in operating employer and its Affiliates as Employer may reasonably request. For purposes of this Agreement, "Affiliate" means each corporation which is a member of a controlled group of corporations (within the meaning of section 1563(a) of the Internal Revenue Code of 1986, as amended (the "Code")) which includes Employer.

C. Employee shall also perform such other duties, consistent with the provisions of Section 3.A., as are reasonably assigned to Employee by the President of Employer.

D. Employee shall devote Employee's entire time, attention, and energies to the business of Employer and its Affiliates. The words "entire time, attention, and energies" are intended to mean that Employee shall devote Employee's full effort during reasonable working hours to the business of Employer and its Affiliates and shall devote at least 40 hours per week to the business of Employer and its Affiliates. Employee shall travel to such places as are necessary in the performance of Employee's duties.

4. COMPENSATION.

A. Employee shall receive a base salary (the "Base Salary") of at least $190,000 per year, payable not less frequently than monthly, for each year during the term of this Agreement, subject to proration for any partial year. Such Base Salary, and all other amounts payable under this Agreement, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be entitled to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this Agreement. Any Bonus for a calendar year shall be payable after the conclusion of the calendar year in accordance with Employer's regular bonus payment policies. Each year, Employee shall be given a Bonus target of not less than $70,000 subject to proration for a partial year.

C. On at least an annual basis, Employee shall receive a formal performance review and be considered for Base Salary and/or Bonus target increases.

5. EXPENSES. All reasonable and necessary expenses incurred by Employee in the course of the performance of Employee's duties to Employer shall be reimbursable in accordance with Employer's then current travel and expense policies.

6. BENEFITS.

A. While Employee remains in the employ of Employer, Employee shall be entitled to participate in all of the various employee benefit plans and programs, or equivalent plans and programs, which are made available to similarly situated officers of Employer, including the benefits set forth in Attachment A.

B. Notwithstanding anything contained herein to the contrary, the Base Salary and Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under any disability plans made available to Employee by Employer.

C. As of the Effective Date, Employee shall be granted options to purchase 30,000 common shares of Employer under Employer's 1997 Long Term Incentive Plan. In each year of this Agreement after 1998, Employee will be granted stock options under Employer's 1997 Long Term Incentive Plan or any similar plan made available to employees of Employer.

D. As of the Effective Date, Employee shall receive a restricted stock award of 40,000 common shares of Employee. Such award shall be made under Employer's 1997 Long Term Incentive Plan on the terms set forth in Attachment B.

E. A supplemental, non-qualified pension will be provided to Employee by Employer in accordance with this Section 6(G).

(i) If Employee's employment with Employer terminates on or after April 8, 2001 and prior to April 7, 2006, Employee's non-qualified pension shall be equal to that portion of Employee's accrued pension under Employer's Management Pension Plan ("CBMPP") which is attributable to Employee's first five years of service with Employer.

(ii) If Employee's employment with Employer terminates on or after April 8, 2006, the non-qualified pension shall be equal to that portion of Employee's accrued pension under CBMPP which is attributable to Employee's first ten years of service with Employer.

(iii) Employee's non-qualified pension under this Section 6(E) shall be paid in one lump sum within 90 days after Employee's termination of employment. If Employee's employment with Employer terminates by reason of Employee's death, the non-qualified pension shall be paid to Employee's Estate.

(iv) Nothing contained in this section 6(G) shall be construed to give Employee any right to continued employment except under the express terms of this Agreement. The provision of this section 6(G) shall survive the term of Employee's employment under this Agreement.

7. CONFIDENTIALITY. Employer and its Affiliates are engaged in the telecommunications industry within the U.S. Employee acknowledges that in the course of employment with the Employer, Employee will be entrusted with or obtain access to information proprietary to the Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and management of Employer and its Affiliates; the names, addresses, buying habits, and other special information regarding past, present and potential customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by the Employer or its Affiliates; technical data, plans and specifications, present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer, its Affiliates. Employee agrees to retain the Information in absolute

confidence and not to disclose the Information to any person or organization except as required in the performance of Employee's duties for Employer, without the express written consent of Employer; provided that Employee's obligation of confidentiality shall not extend to any Information which becomes generally available to the public other than as a result of disclosure by Employee.

8. NEW DEVELOPMENTS. All ideas, inventions, discoveries, concepts, trademarks, or other developments or improvements, whether patentable or not, conceived by the Employee, alone or with others, at any time during the term of Employee's employment, whether or not during working hours or on Employer's premises, which are within the scope of or related to the business operations of Employer or its Affiliates ("New Developments"), shall be and remain the exclusive property of Employer. Employee shall do all things reasonably necessary to ensure ownership of such New Developments by Employer, including the execution of documents assigning and transferring to Employer, all of Employee's rights, title and interest in and to such New Developments, and the execution of all documents required to enable Employer to file and obtain patents, trademarks, and copyrights in the United States and foreign countries on any of such New Developments.

9. SURRENDER OF MATERIAL UPON TERMINATION. Employee hereby agrees that upon cessation of Employee's employment, for whatever reason and whether voluntary or involuntary, Employee will immediately surrender to Employer all of the property and other things of value in his possession or in the possession of any person or entity under Employee's control that are the property of Employer or any of its Affiliates, including without any limitation all personal notes, drawings, manuals, documents, photographs, or the like, including copies and derivatives thereof, relating directly or indirectly to any confidential information or materials or New Developments, or relating directly or indirectly to the business of Employer or any of its Affiliates.

10. REMEDIES.

A. Employer and Employee hereby acknowledge and agree that the services rendered by Employee to Employer, the information disclosed to Employee during and by virtue of Employee's employment, and Employee's commitments and obligations to Employer and its Affiliates herein are of a special, unique and extraordinary character, and that the breach of any provision of this Agreement by Employee will cause Employer irreparable injury and damage, and consequently the Employer shall be entitled to, in addition to all other remedies available to it, injunctive and equitable relief to prevent a breach of Sections 7, 8, 9, 11 and 12 of this Agreement and to secure the enforcement of this Agreement.

B. Except as provided in Section 10.A., the parties agree to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this Agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that either party would have been otherwise entitled to file or

pursue in court or before any administrative agency (herein "claim"), and waives all right to sue the other party.

(i) This agreement to arbitrate and any resulting arbitration award are enforceable under and subject to the Federal Arbitration Act, 9 U.S.C. Section 1 et seq. ("FAA"). If the FAA is held not to apply for any reason then Ohio Revised Code Chapter 2711 regarding the enforceability of arbitration agreements and awards will govern this Agreement and the arbitration award.

(ii) (a) All of a party's claims must be presented at a single arbitration hearing. Any claim not raised at the arbitration hearing is waived and released. The arbitration hearing will take place in Cincinnati, Ohio.

(b) The arbitration process will be governed by the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA") except to the extent they are modified by this Agreement.

(c) Employee has had an opportunity to review the AAA rules and the requirements that Employee must pay a filing fee for which the Employer has agreed to split on an equal basis.

(d) The arbitrator will be selected from a panel of arbitrators chosen by the AAA in White Plains, New York. After the filing of a Request for Arbitration, the AAA will send simultaneously to Employer and Employee an identical list of names of five persons chosen from the panel. Each party will have 10 days from the transmittal date in which to strike up to two names, number the remaining names in order of preference and return the list to the AAA.

(e) Any pre-hearing disputes will be presented to the arbitrator for expeditious, final and binding resolution.

(f) The award of the arbitrator will be in writing and will set forth each issue considered and the arbitrator's finding of fact and conclusions of law as to each such issue.

(g) The remedy and relief that may be granted by the arbitrator to Employee are limited to lost wages, benefits, cease and desist and affirmative relief, compensatory, liquidated and punitive damages and reasonable attorney's fees, and will not include reinstatement or promotion. If the arbitrator would have awarded reinstatement or promotion, but for the prohibition in this Agreement, the arbitrator may award front pay. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position, but each party will bear any cost for its witnesses and proof.

(h) Employer and Employee recognize that a primary benefit each derives from arbitration is avoiding the delay and costs normally associated with litigation. Therefore, neither party will be entitled to conduct any discovery prior to the arbitration hearing except that: (i) Employer will furnish Employee with copies of all non-privileged documents in Employee's personnel file; (ii) if the claim is for discharge, Employee will furnish Employer with records of earnings and benefits relating to Employee's subsequent employment (including self-employment) and all documents relating to Employee's efforts to obtain subsequent employment; (iii) the parties will exchange copies of all documents they intend to introduce as evidence at the arbitration hearing at least 10 days prior to such hearing; (iv) Employee will be allowed (at Employee's expense) to take the depositions, for a period not to exceed four hours each, of two representatives of Employer, and Employer will be allowed (at its expense) to depose Employee for a period not to exceed four hours; and (v) Employer or Employee may ask the arbitrator to grant additional discovery to the extent permitted by AAA rules upon a showing that such discovery is necessary.

(i) Nothing herein will prevent either party from taking the deposition of any witness where the sole purpose for taking the deposition is to use the deposition in lieu of the witness testifying at the hearing and the witness is, in good faith, unavailable to testify in person at the hearing due to poor health, residency and employment more than 50 miles from the hearing site, conflicting travel plans or other comparable reason.

(j) Arbitration must be requested in writing no later than 6 months from the date of the party's knowledge of the matter disputed by the claim. A party's failure to initiate arbitration within the time limits herein will be considered a waiver and release by that party with respect to any claim subject to arbitration under this Agreement.

(k) Employer and Employee consent that judgment upon the arbitration award may be entered in any federal or state court that has jurisdiction.

(l) Except as provided in Section 10.A., neither party will commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement.

(m) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process.

11. COVENANT NOT TO COMPETE. For purposes of this Section 11 only, the term "Employer" shall mean, collectively, Employer and each of its Affiliates. During the two-year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not engage in any business offering services related to the current business of Employer, whether as a principal, partner, joint venture, agent, employee, salesman, consultant, director or officer, where such position would involve Employee in any business activity in competition with Employer. This restriction will be limited to the geographical area where Employer is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of the Employer.

During the two-year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not interfere with or adversely affect, either directly or indirectly, Employer's relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment as a customer, client, supplier, consultant or employee of Employer and that Employee will not divert or change, or attempt to divert or change, any such relationship to the detriment of Employer or to the benefit of any other person, firm, association, corporation or other entity.

During the two-year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee shall not, without the prior written consent of Employer, accept employment, as an employee, consultant, or otherwise, with any company or entity which is a customer or supplier of Employer at any time during the final year of Employee's employment with Employer.

Employee will not, during or at any time within three years after the termination of Employee's employment with Employer, induce or seek to induce, any other employee of Employer to terminate his or her employment relationship with Employer.

12. GOODWILL. Employee will not disparage Employer or any of its Affiliates in any way which could adversely affect the goodwill, reputation and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers, suppliers or employees. Employer will not disparage Employee.

13. TERMINATION.

A. (i) Employer or Employee may terminate this Agreement upon Employee's failure or inability to perform the services required hereunder because of any physical or mental infirmity for which Employee receives disability benefits under any disability benefit plans made available to Employee by Employer (the "Disability Plans"),

over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee Employee's accrued compensation hereunder, whether Base Salary, Bonus or otherwise (subject to offset for any amounts received pursuant to the Disability Plans), to the date of termination. For as long as such Terminating Disability may exist, Employee shall continue to be an employee of Employer for all other purposes and Employer shall provide Employee with disability benefits and all other benefits according to the provisions of the Disability Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such a termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement terminates immediately and automatically on the death of the Employee, provided, however, that the Employee's estate shall be paid Employee's accrued compensation hereunder, whether Base Salary, Bonus or otherwise, to the date of death.

C. Employer may terminate this Agreement immediately, upon written notice to Employee, for Cause. For purposes of this Agreement, Employer shall have "Cause" to terminate this Agreement only if Employer's Board of Directors determines that there has been fraud, misappropriation or embezzlement on the part of Employee.

D. Employer may terminate this Agreement immediately, upon written notice to Employee, for any reason other than those set forth in Sections 13.A., B. and C.; provided, however, that Employer shall have no right to terminate under this Section 13.D. within two years after a Change in Control. In the event of a termination by Employer under this Section 13.D., Employer shall, within five days after the termination, pay Employee an amount equal to the greater of (i) two times the sum of the annual Base Salary rate in effect at the time of termination plus the Bonus target in effect at the time of termination or (ii) if the Current Term is longer than two years, the sum of the Base Salary for the remainder of the Current Term (at the rate in effect at the time of termination) plus the Bonus targets (at the amount in effect at the time of termination) for each calendar year commencing or ending during the remainder of the Current Term (subject to proration in the case of any calendar year ending after the Current Term). For the remainder of the Current Term, Employer shall continue to provide Employee with medical, dental, vision and life insurance coverage comparable to the medical, dental, vision and life insurance coverage in effect for Employee immediately prior to the termination; and, to the extent that Employee would have been eligible for any post-retirement medical, dental, vision or life insurance benefits from Employer if Employee

had continued in employment through the end of the Current Term, Employer shall provide such post-retirement benefits to Employee after the end of the Current Term. All stock options shall become immediately exercisable (and Employee shall be afforded the opportunity to exercise them), the restrictions applicable to all restricted stock shall lapse and any long term awards shall be paid out at target. In addition, Employee shall be entitled to receive, as soon as practicable after termination, an amount equal to the sum of (i) any forfeitable benefits under any qualified or nonqualified pension, profit sharing, 401(k) or deferred compensation plan of Employer or any Affiliate which would have vested prior to the end of the Current Term if Employee's employment had not terminated plus (ii) if Employee is participating in a qualified or nonqualified defined benefit plan of Employer or any Affiliate at the time of termination, an amount equal to the present value of the additional vested benefits which would have accrued for Employee under such plan if Employee's employment had not terminated prior to the end of the Current Term and if Employee's annual Base Salary and Bonus target had neither increased nor decreased after the termination. For purposes of this Section 13.D., "Current Term" means the longer of (i) the two year period beginning at the time of termination or (ii) the unexpired term of this Agreement at the time of the termination, determined as provided in Section 2 but assuming that there is no automatic extension of the Agreement term after the termination. For purposes of this Section 13.D. and Section 13.E., "Change in Control" means a change in control as defined in Employer's 1997 Long Term Incentive Plan.

E. This Agreement shall terminate automatically in the event that there is a Change in Control and Employee's employment with Employer is actually or constructively terminated by Employer within two years after the Change in Control for any reason other than those set forth in Sections 13.A., B. and C. For purposes of the preceding sentence, a "constructive" termination of Employee's employment shall be deemed to have occurred if, without Employee's consent, there is a material reduction in Employee's authority or responsibilities or if there is a reduction in Employee's Base Salary or Bonus target from the amount in effect immediately prior to the Change in Control or if Employee is required by Employer to relocate from the city where Employee is residing immediately prior to the Change in Control. In the event of a termination under this Section 13.E., Employer shall pay Employee an amount equal to two times the sum of the annual Base Salary rate in effect at the time of termination plus the Bonus target in effect at the time of termination, all stock options shall become immediately exercisable (and Employee shall be afforded the opportunity to exercise them), the restrictions applicable to all restricted stock shall lapse and any long term awards shall be paid out at target. For the remainder of the Current Term, Employer shall continue to provide Employee with medical, dental, vision and life insurance coverage comparable to the medical, dental, vision and life insurance coverage in effect for Employee immediately prior to the termination; and, to the extent that Employee would have been eligible for any post-retirement medical, dental, vision or life insurance benefits from Employer if Employee had continued in employment through the end of the Current Term, Employer shall provide such post-retirement benefits to Employee after the end of the Current Term. Employee's accrued benefit under any nonqualified pension or deferred compensation plan maintained by Employer or any Affiliate shall become immediately vested and nonforfeitable and Employee also shall be entitled to receive a payment equal to the sum of (i) any forfeitable benefits under any qualified pension or

profit sharing or 401(k) plan maintained by Employer or any Affiliate plus (ii) if Employee is participating in a qualified or nonqualified defined benefit plan of Employer or any Affiliate at the time of termination, an amount equal to the present value of the additional benefits which would have accrued for Employee under such plan if Employee's employment had not terminated prior to the end of the Current Term and if Employee's annual Base Salary and Bonus target had neither increased nor decreased after the termination. Finally, to the extent that Employee is deemed to have received an excess parachute payment by reason of the Change in Control, Employer shall pay Employee an additional sum sufficient to pay (i) any taxes imposed under section 4999 of the Code plus (ii) any federal, state and local taxes applicable to any taxes imposed under section 4999 of the Code. For purposes of this Section 13.E., "Current Term" means the longer of (i) the two year period beginning at the time of termination or (ii) the unexpired term of this Agreement at the time of the termination, determined as provided in Section 2 but assuming that there is no automatic extension of the Agreement term after the termination.

F. Employee may resign upon 60 days' prior written notice to Employer. In the event of a resignation under this Section 13.F., this Agreement shall terminate and Employee shall be entitled to receive Employee's Base Salary through the date of termination, any Bonus earned but not paid at the time of termination and any other vested compensation or benefits called for under any compensation plan or program of Employer.

G. Employee may retire (a) upon six months' prior written notice to Employer at any time after Employee has attained age 55 and completed at least ten years of service with Employer and its Affiliates or (b) on such earlier date as may be approved by the President of Employer. In the event of a retirement under this Section 13.G., this Agreement shall terminate and Employee shall be entitled to receive Employee's Base Salary through the date of termination and any Bonus earned but not paid at the time of termination. In addition, Employee shall be entitled to receive any compensation or benefits made available to retirees under Employer's standard policies and programs, including retiree medical and life insurance benefits, a prorated Bonus for the year of termination, and the right to exercise options after retirement.

H. Upon termination of this Agreement as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13 (including any Base Salary accrued through the date of termination, any Bonus earned for the year preceding the year in which the termination occurs and any nonforfeitable amounts payable under any employee plan), all further compensation under this Agreement shall terminate.

I. The termination of this Agreement shall not amend, alter or modify the rights and obligations of the parties under Sections 7, 8, 9, 10, 11, and 12 hereof, the terms of which shall survive the termination of this Agreement.

14. ASSIGNMENT. As this is an agreement for personal services involving a relation of confidence and a trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are non-assignable by Employee.

15. NOTICES. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing, and if delivered personally or by certified mail to Employee at Employee's place of residence as then recorded on the books of Employer or to Employer at its principal office.

16. WAIVER. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and duly executed by the party to be charged therewith. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

17. GOVERNING LAW. This agreement shall be governed by the laws of the State of Ohio.

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Employee's employment by Employer. There are no other contracts, agreements or understandings, whether oral or written, existing between them except as contained or referred to in this Agreement.

19. SEVERABILITY. In case any one or more of the provisions of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or other enforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions have never been contained herein.

20. SUCCESSORS AND ASSIGNS. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

21. CONFIDENTIALITY OF AGREEMENT TERMS. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel, and Employee's other advisors, unless required by law. Further, except as provided in the preceding sentence, Employee shall not reveal the existence of this Agreement or discuss its terms with any person (including but not limited to any employee of Employer or its Affiliates) without the express authorization of the President of Employer. To the extent that the terms of this Agreement have been disclosed by Employer, in a public filing or otherwise, the confidentiality requirements of this Section 21 shall no longer apply to such terms.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CINCINNATI BELL INC.

By: ____________________________________

JOHN F. CASSIDY

____

Attachment A

EMPLOYEE BENEFITS

Automobile Allowance	$850 per month
Cellular Telephone	Yes
Executive Deferred Compensation Plan	Yes
Group Accident Life	$250,000
Legal/Financial/Insurance Allowance	$3,500 per year
Parking	Yes
Annual Physical	Yes
Short Term Disability Supplement	Yes
Travel Insurance (Spouse)	$50,000
Vacation	5 weeks per year

BROADWING INC.
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS
(MILLIONS OF DOLLARS)

	1999	1998	1997	1996	1995
Pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees	$ 151.5	$ 181.5	$ 192.6	$ 184.1	$ 4.3
FIXED CHARGES:					
Interest expense, etc.	65.5	24.2	30.1	27.9	45.4
Appropriate portion of rentals	7.7	3.9	3.9	3.0	4.0
Preferred stock dividends of majority subsidiaries	4.0	-	-	-	-
Total Fixed Charges	77.2	28.1	34.0	30.9	49.4
Pretax income (loss) from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees plus fixed charges	$ 228.7	$ 209.6	$ 226.6	$ 215.0	$ 53.7
Preferred dividend requirements	$ 2.1	$ -	$ -	$ -	$ -
Total Fixed Charges	77.2	28.1	34.0	30.9	49.4
Total Fixed Charges and preferred dividends	$ 79.3	$ 28.1	$ 34.0	$ 30.9	$ 49.4
Ratio of earnings to combined fixed charges and preferred dividends	1.9	6.5	5.7	6.0	-
Coverage Deficiency					$ 45.1

Subsidiaries of the Registrant
(as of February 29, 2000)

Subsidiary	State of Incorporation
Cincinnati Bell Telephone Company	Ohio
Cincinnati Bell Telecommunications Services Inc.	Ohio
Cincinnati Bell Network Solutions Inc.	Ohio
EnterpriseWise IT Consulting LLC	Ohio
Cincinnati Bell Long Distance Inc.	Ohio
Cincinnati Bell Supply Company	Ohio
Cincinnati Bell Directory Inc.	Ohio
Cincinnati Bell Wireless Company	Ohio
Cincinnati Bell Wireless LLC	Ohio
ZoomTown.com Inc.	Ohio
Broadwing Holdings Inc.	Delaware
Broadwing Communications Inc. (formerly IXC Communications, Inc.)	Delaware
Broadwing Communications Services Inc. (formerly IXC Communications Services, Inc.)	Delaware
Broadwing Telecommunications Inc. (formerly Eclipse Telecommunications, Inc.)	Delaware
Atlantic States Microwave Transmission Company	Nevada
Broadwing Communications Services of Virginia Inc. (formerly IXC Communications Services of Virginia, Inc.)	Virginia
Central States Microwave Transmission Company	Ohio

Subsidiaries of the Registrant (continued)
(as of February 29, 2000)

Delaware Capital Provisioning, Inc.	Delaware
DPNET, Inc.	Delaware
Eastern Telecom of Washington D.C., Inc.	Virginia
IXC Business Services LLC	Delaware
IXC International, Inc.	Delaware
IXC Internet Services, Inc.	Delaware
IXC Leasing LLC	Delaware

IXC Merger Sub, Inc.	Delaware
Mutual Signal Corp.	New York
Mutual Signal Corporation of Michigan	New York
Mutual Signal Holding Corporation	Delaware
Network Advanced Services, Inc.	Louisiana
Network Evolutions, Inc.	Virginia
Progress International, LLC	Texas
Rio Grande Transmission, Inc.	Delaware
Telecom Engineering, Inc.	Texas
The Data Place, Inc.	Delaware
Tower Communication System Corp.	Ohio
West Texas Microwave Company	Texas
Western States Microwave Transmission Company	Nevada
Marca Tel S.A. de C.V.	Mexico

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 33-29332), Form S-8 (File No. 33-60209), Form S-8 (File No. 33-1462), Form S-8 (File No. 33-1487), Form S-8 (File No. 33-29331), Form S-8 (File No. 33-36381), Form S-8 (File No. 33-36380), Form S-14 (File No. 2-82253), Form S-8 (File No. 333-38743), Form S-8 (File No. 333-28381), Form S-8 (File No. 333-38763), Form S-8 (File No. 333-28385), Form S-8 (File No. 333-77011), Form S-3 (File No. 333-90711), the post-effective Amendment No. 1 on Form S-8 to Form S-4 (File No. 333-86971) as filed on November 9, 1999 and the post-effective Amendment No. 2 on Form S-8 to Form S-4 (File No. 333-86971) as filed on November 30, 1999 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Cincinnati, Ohio
March 17, 2000

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of January, 2000.

/s/ Richard D. Irwin

Richard D. Irwin
Director

STATE OF CONNECTICUT)
) SS:
COUNTY OF Fairfield)

On the 10th day of February, 2000, personally appeared before me Richard D. Irwin, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of January, 2000.

/s/ Barbara F. Sage

Notary Public

My Commission Exp. July 31, 2003

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on

Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ John M. Zrno

John Zrno
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me John Zrno, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 26 day of January, 2000.

/s/ J. Taylor Crandall

J. Taylor Crandall
Director

STATE OF CALIFORNIA)
) SS: [SEAL]

COUNTY OF SAN MATEO)

On the 26 day of January, 2000, personally appeared before me J. Taylor Crandall, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 26 day of January, 2000.

/s/ Tonia Baker

Notary Public

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ David B. Sharrock

David B. Sharrock
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me David B. Sharrock, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, her attorneys for her and in her name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ Mary D. Nelson

Mary D. Nelson
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me Mary D. Nelson, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ John T. LaMacchia

John T. LaMacchia
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me John T. LaMacchia, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ Daniel J. Meyer

Daniel J. Meyer
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me Daniel

J. Meyer, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, her attorneys for her and in her name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 10th day of February, 2000.

/s/ Karen M. Hoguet

Karen M. Hoguet
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me Karen M. Hoguet, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the

Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ William A. Friedlander

William A. Friedlander
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me William A. Friedlander, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is an officer and a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ Richard G. Ellenberger

Richard G. Ellenberger
Officer and Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me Richard G. Ellenberger, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ Phillip R. Cox

Phillip R. Cox
Director

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me Phillip R. Cox, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc. d/b/a Broadwing Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1999; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints, Richard G. Ellenberger, Kevin W. Mooney and Thomas E. Taylor, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 10th day of February, 2000.

/s/ James D. Kiggen

James D. Kiggen
Chairman of the Board of Directors

STATE OF TEXAS)
) SS:
COUNTY OF TRAVIS)

On the 10th day of February, 2000, personally appeared before me James D. Kiggen, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 10th day of February, 2000.

/s/ Marie E. Casar

Notary Public

[SEAL]

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