

***Cincinnati Bell***

# ***Cincinnati Bell***

***Jeffries & Company  
2007 Communications Conference***

***Brian Ross, CFO***

*September 10, 2007*



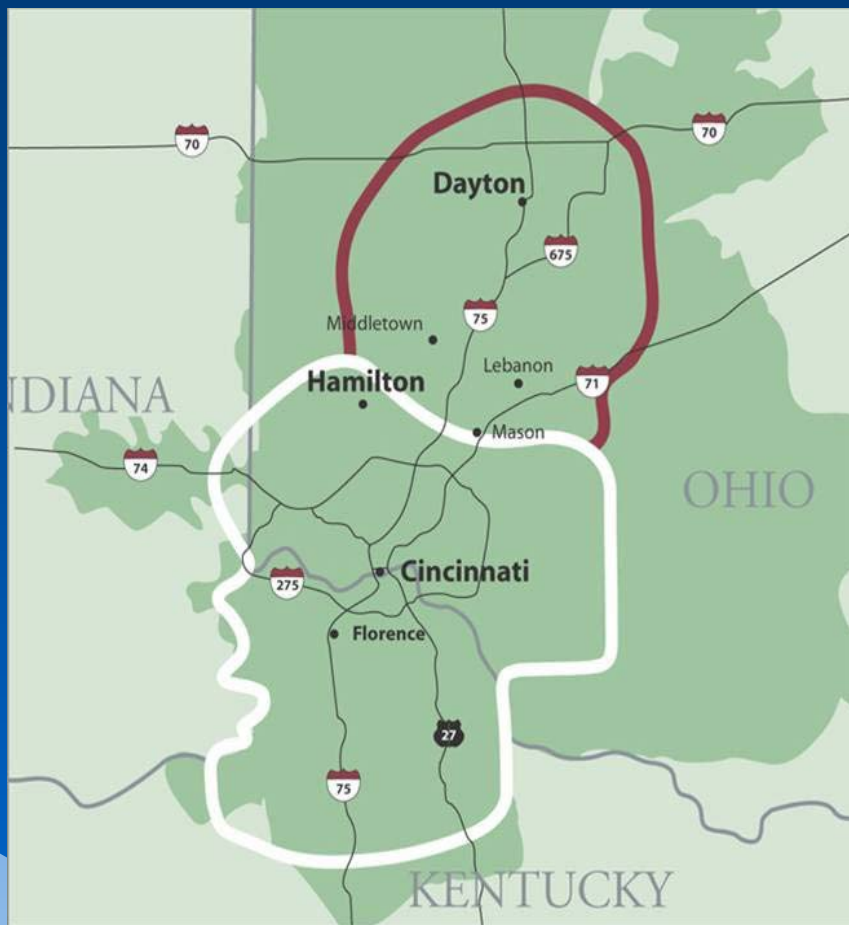
# ***Safe Harbor***

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

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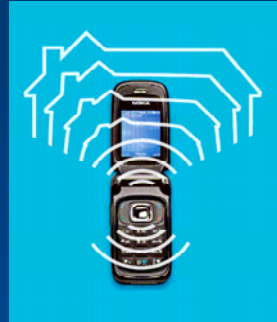
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4. Outlook & Strategy Overview

# CBB Overview



- \$1.3B diversified telco
- Main segments include local, wireless, technology solutions
  - ≈864k access lines
  - ≈555k wireless subscriptions
  - ≈111k square-foot raised floor
- Local ILEC & CLEC within licensed wireless area

# Diversified Industry Innovator



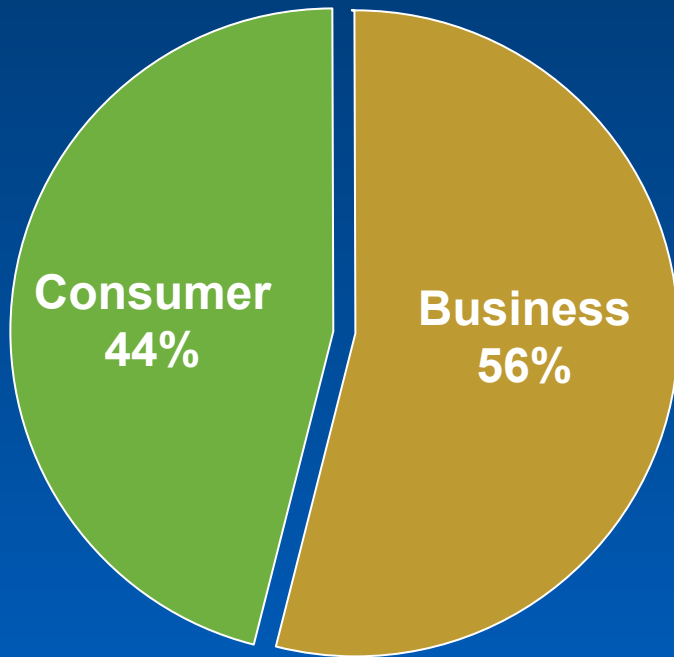
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007



UNLIMITED EVERYDAY CALLING

# 2Q07 Revenue by Market

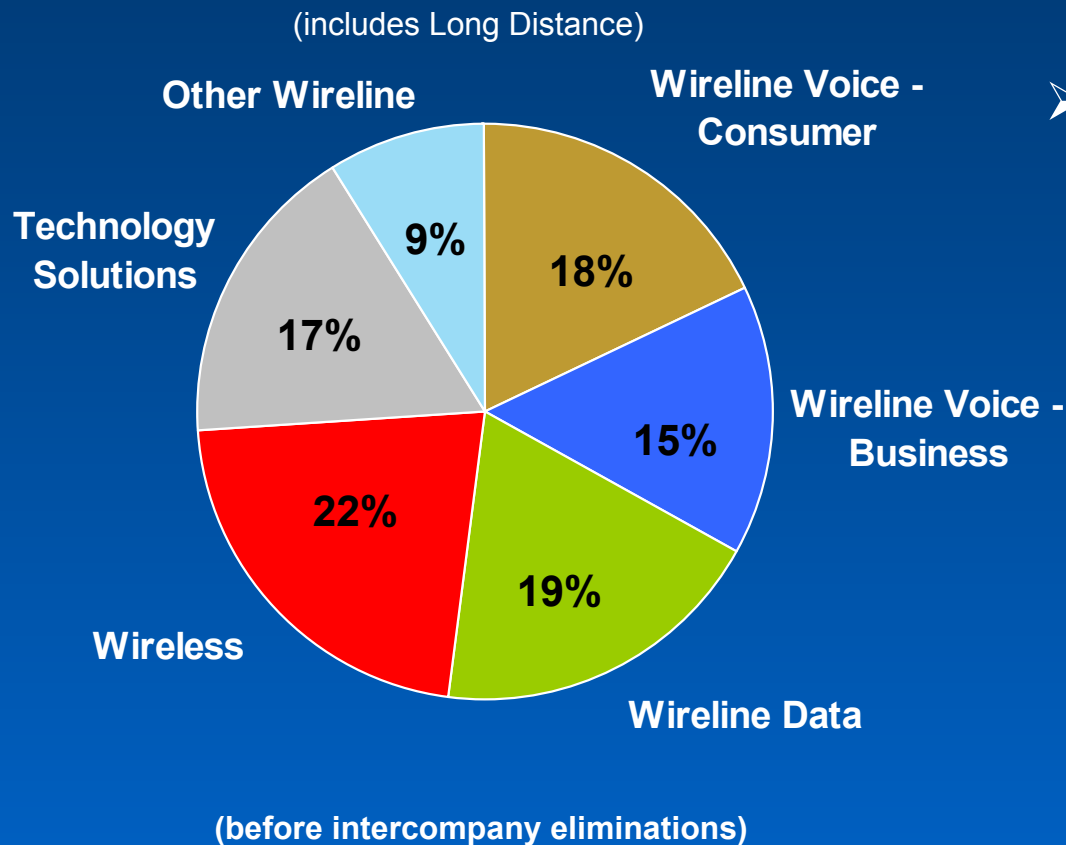
*...Increasing business % of total*



(before intercompany eliminations)

- Revenue growth from business customers
  - 56% both 2Q07 and 2Q06
  - Up 2 pts from 1Q07
- Business y/y revenue growth of 2%

# Continued Diversification of Revenue Base



- Majority of total revenue derived from sources other than traditional consumer wireline voice
  - 82% vs 80% in 2Q06

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## **2Q07 Summary**



# 2Q 2007 Accomplishments

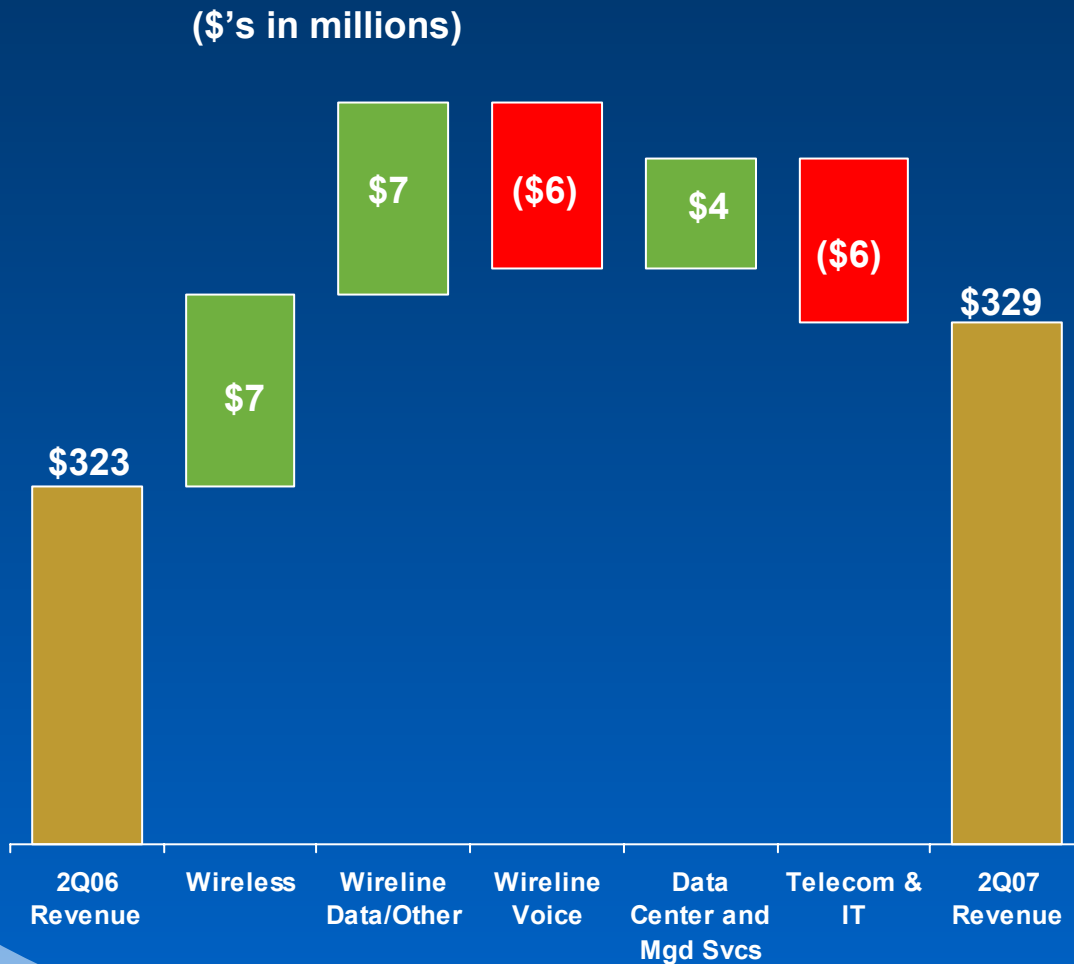
Year-over-year revenue and EBITDA growth of 2% and free cash flow of \$38M

Continued growth in Wireless service revenue, margins & subscriber base

Double digit growth in Data Center and Managed Services revenue, capacity & utilization

On-going DSL subscriber and data transport revenue growth

# 2007 Revenue Growth

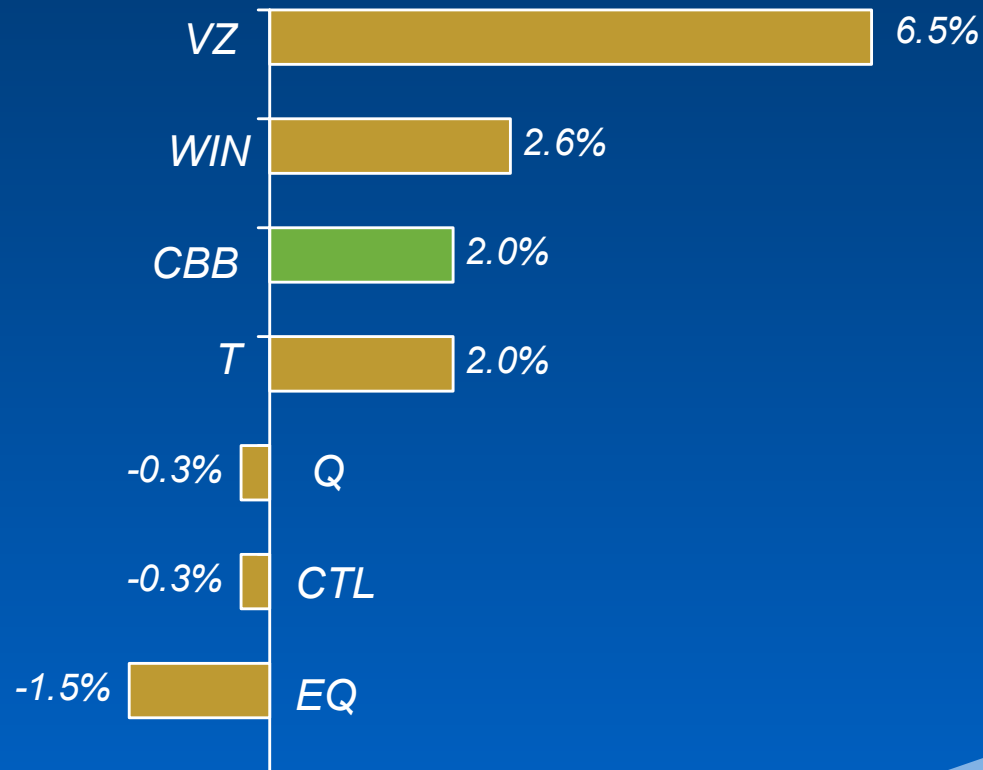


- 13% increase in Wireless service revenue
  - 13% increase in postpaid subs
- Wireline Data/Other
  - +8% data
  - +9% LD
- 36% increase in Data Center and Managed Service
  - Partially offset lower Telecom & IT Equipment

\* May not foot due to rounding

# Revenue Peer Comparison

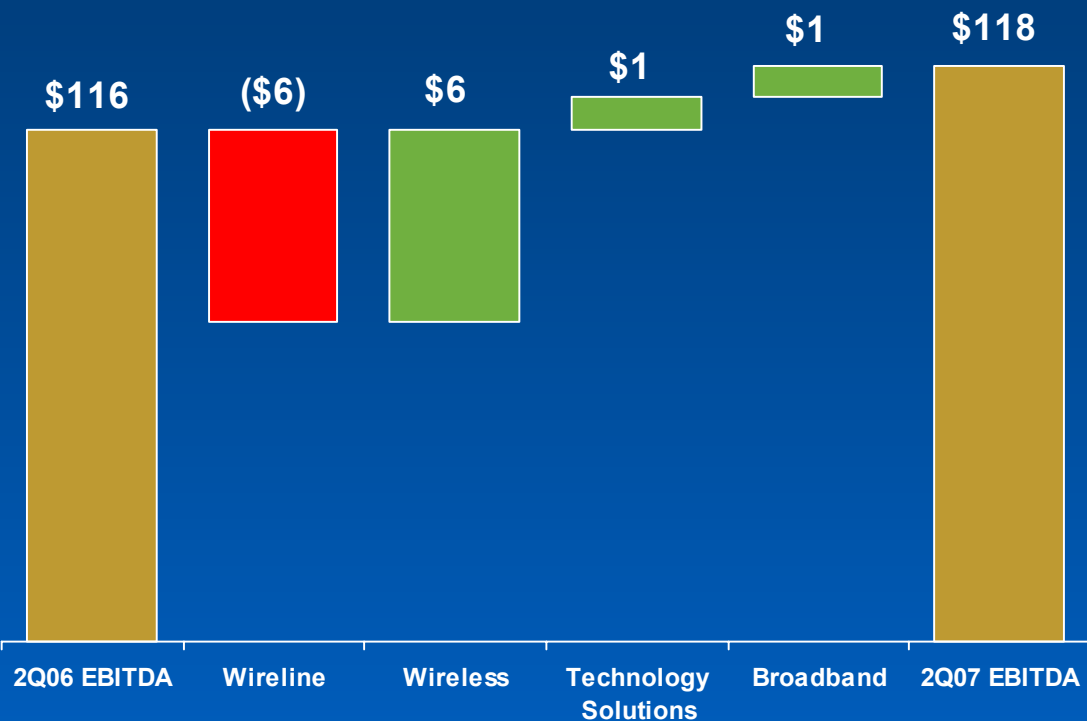
*...y/y growth still at the top of the pack*



Source: Company reports...pro forma where applicable

# 2007 EBITDA Growth

(\$'s in millions)

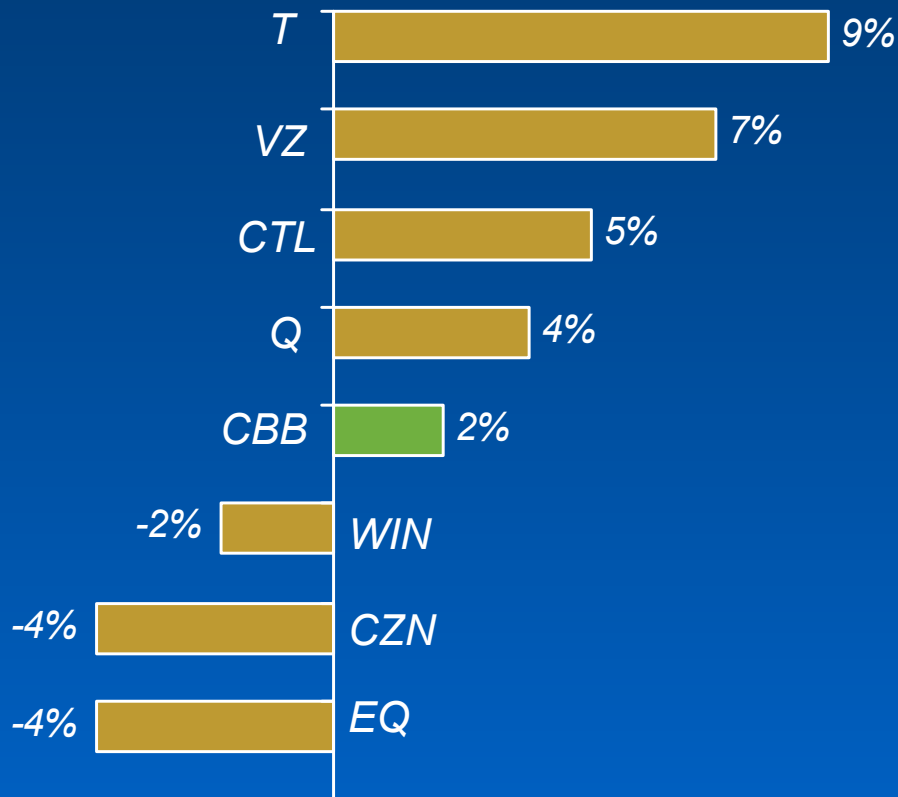


- Wireline reduction reflects higher costs associated with expansion markets and business growth
- Wireless EBITDA grew 48% y/y
  - Sequential as well as y/y improvement
- Technology Solutions' 15% increase due to Data Center and Managed Services growth

\* May not foot due to rounding

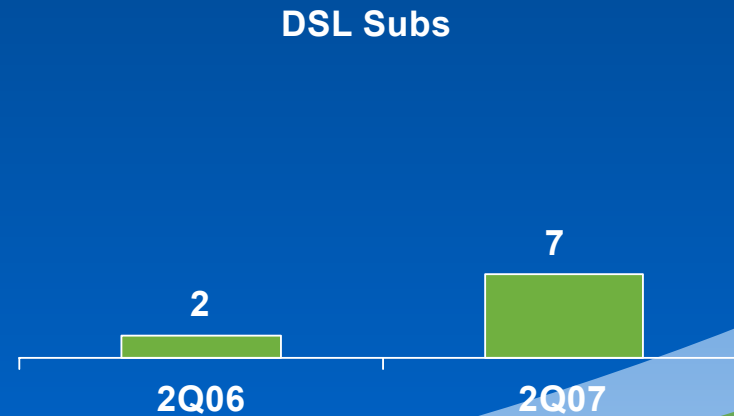
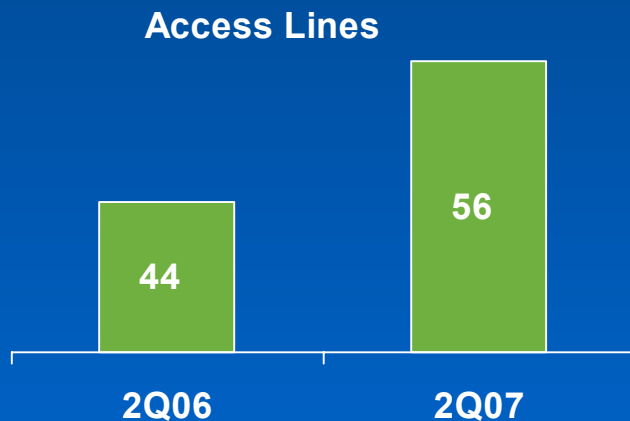
# ***EBITDA Peer Comparison***

***...y/y growth continues***



Source: Company reports...pro forma where applicable

# *\$3M CLEC growth offsetting \$3M ILEC decline*



(*units in thousands*)

# ***2Q07 Product Launch***

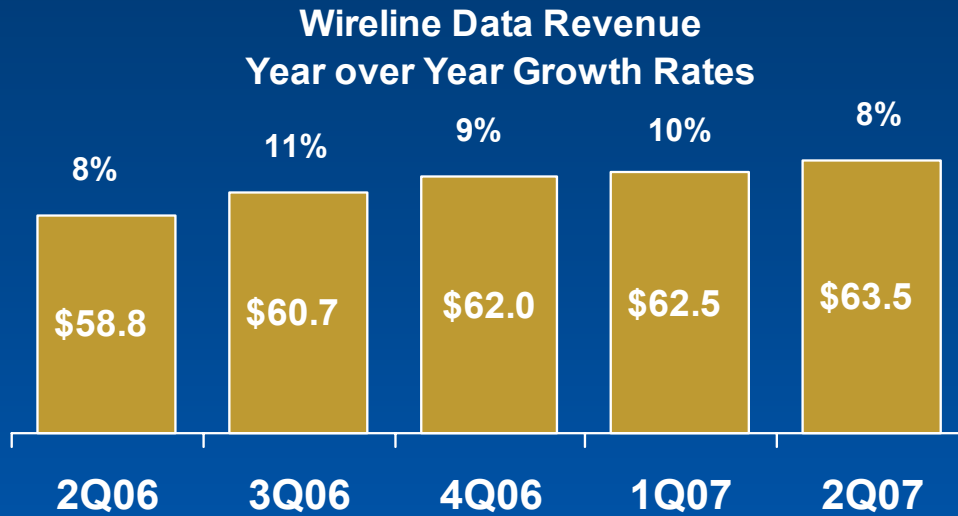
- Universal Mobile Access (UMA) product converging wireless and wireline service launched June 18<sup>th</sup>
- First North American wireless carrier to commercially launch the service
- Ultimate bundle for consumer and business customers
  - Enhanced in-building coverage
  - DSL bundled customer eligible for unlimited calling plan
- Leverage cost economies of the wireless network

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## **Segment Overview**



# Wireline Data Revenue Growth



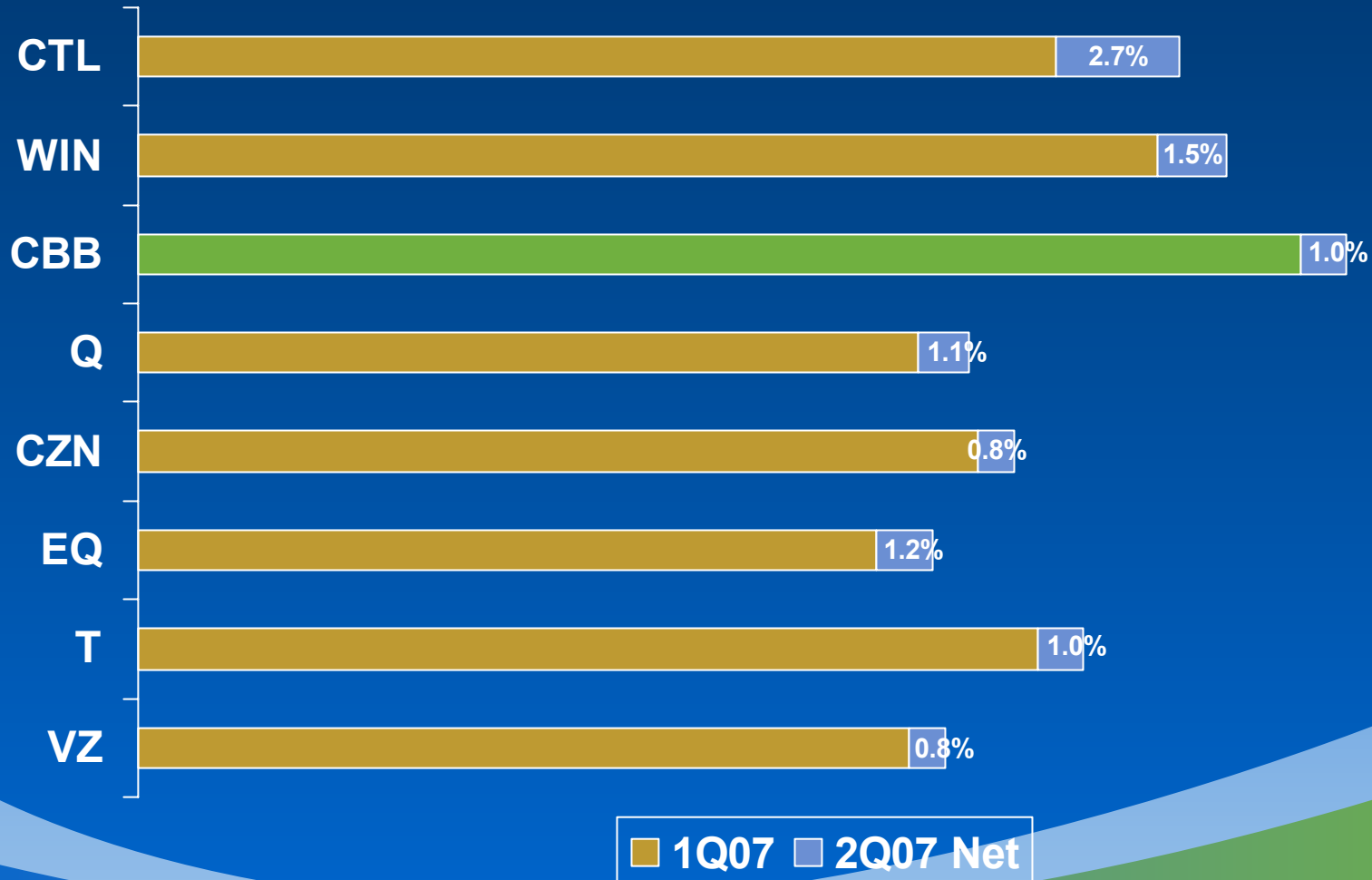
(\$'s in millions)

- 20% y/y DSL subscriber growth
  - 1% gross add increase
  - Decreased churn
- Data Transport revenue also contributed to the growth

# DSL Growth Amongst the Leaders

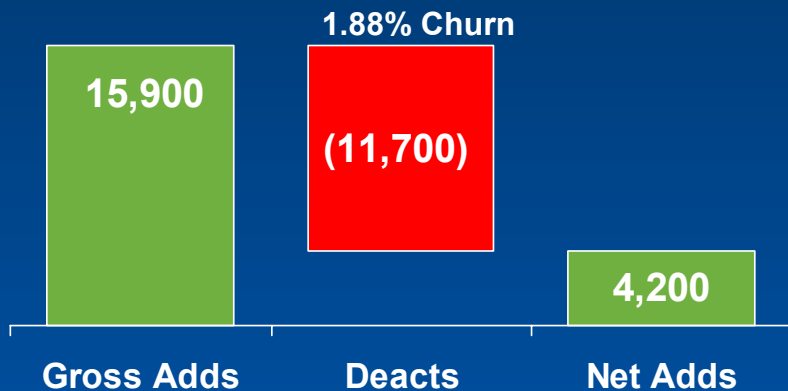
...despite leading penetration vs. the large telco's

## DSL Penetration



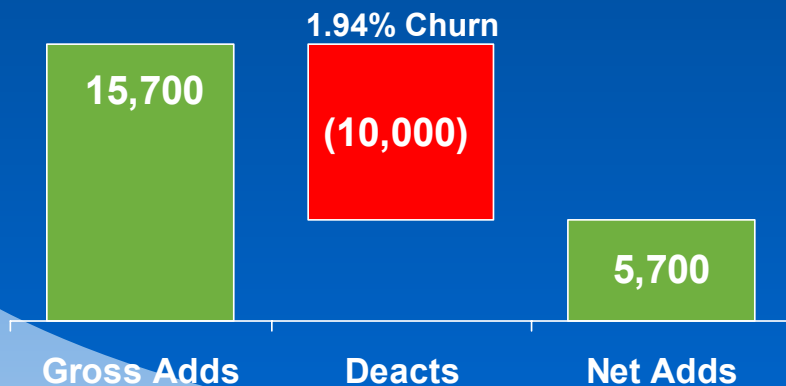
# DSL Subscriber Activity

## 2Q07 DSL Net Adds



- 20% subscriber base growth y/y
  - 212,000 subscribers at 2Q07
- 4K net adds
  - Down 1.5K vs 2Q06
  - Gross adds up 1%
  - 6 basis point churn improvement

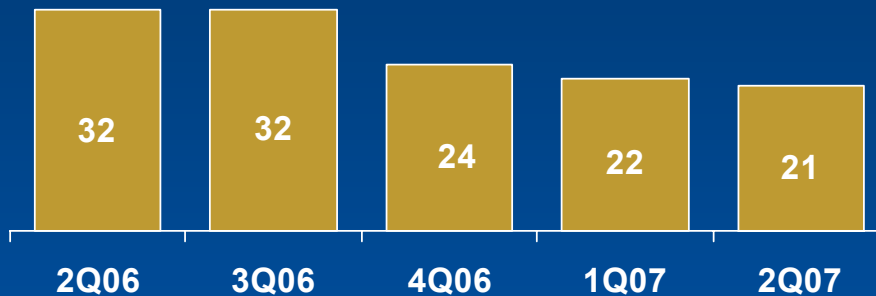
## 2Q06 DSL Net Adds



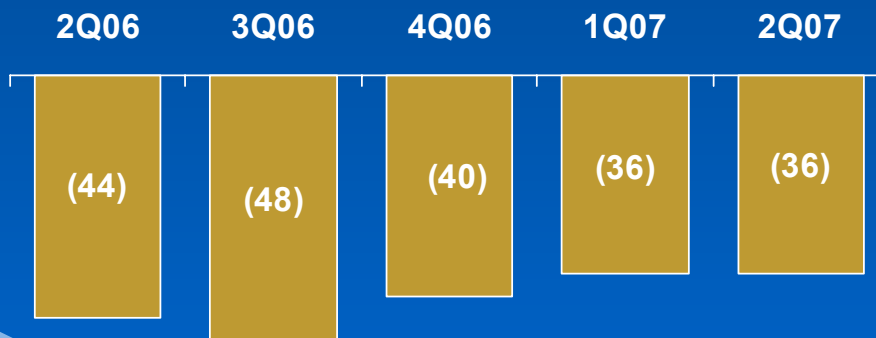
- 38% penetration of in-territory consumer primary lines
  - 9 percentage point improvement vs 2Q06

# ILEC Access Line Loss

Access Line Gross Adds-ILEC



Access Line Deactivations-ILEC

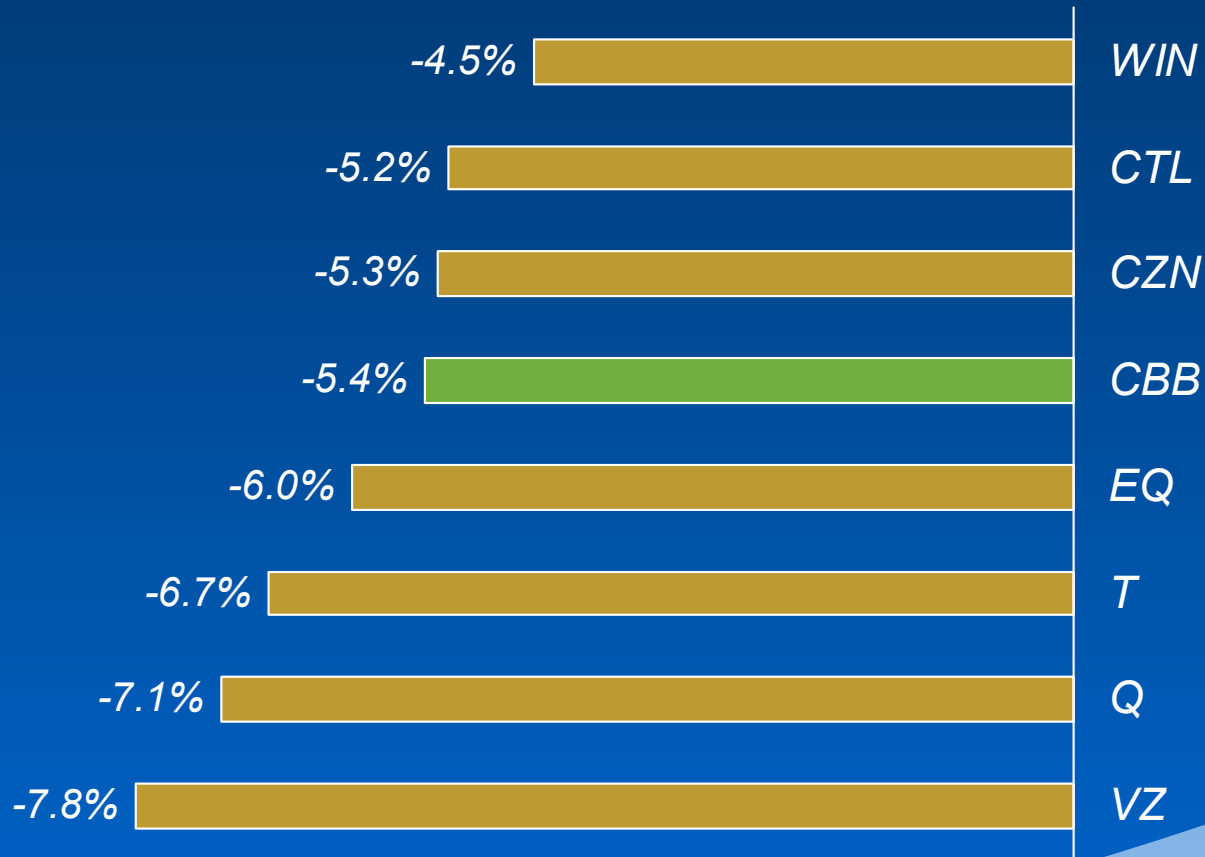


(in thousands)

- Total access line loss was 5.4% y/y
  - 7.1% ILEC loss
  - 29% increase in CLEC lines
- Lower gross adds continue to be the driver of in-territory line loss
  - Developing new strategies
- Deactivations are decreasing
  - Churn remains below 2%

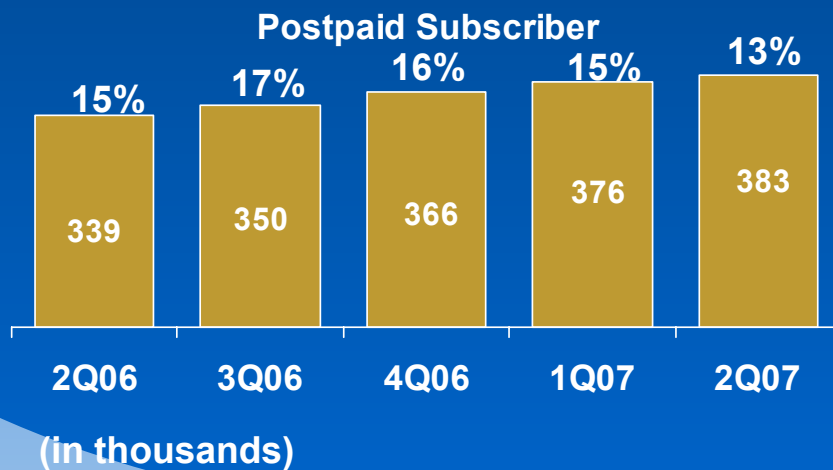
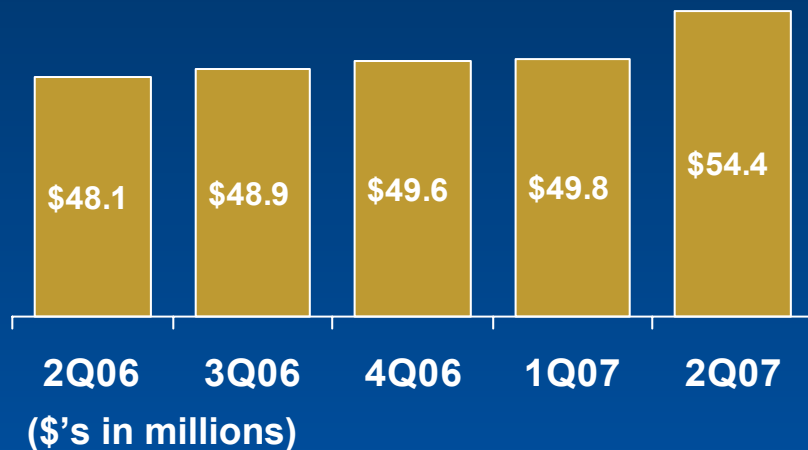
# Y/Y Access Line Loss

*...remain near the top of the pack*



# Postpaid Wireless Growth

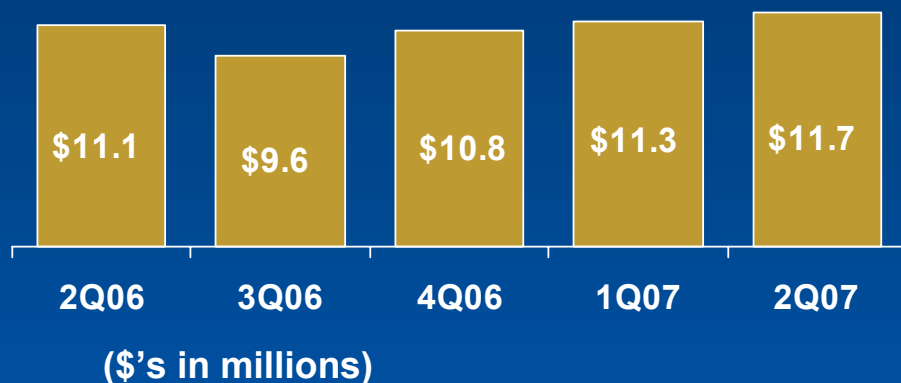
Postpaid Service Revenue



- Five consecutive quarters of double digit y/y subscriber growth
  - Driving the 13% y/y postpaid service revenue increase
- 1.5% churn
  - 14 basis point improvement over 2Q06
- Net adds of 7K down 36% y/y
  - Lower consumer gross adds
  - Improved churn but on higher base
- \$48 ARPU –1% v. 2Q06
  - 43% of decline is outcollect due to legacy AT&T wireless

# Prepaid Wireless

Prepaid Service Revenue



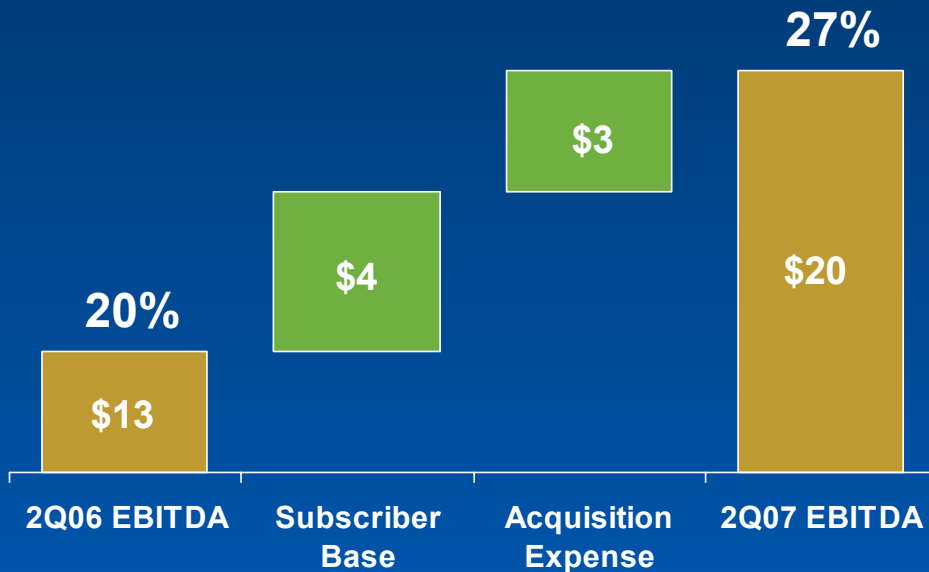
Prepaid ARPU



- 6% growth in prepaid service revenue
  - ARPU up 8% y/y
  - Subscribers essentially flat
  - LEAP launched in Cincinnati on 6/20/06
- 3K net add loss
  - 2Q seasonally down to 1Q
  - 10k net adds YTD
- New rate plans continue to drive ARPU and service revenue growth

# 2007 Wireless Margin Expansion

## 48% EBITDA growth



(\$'s in millions)

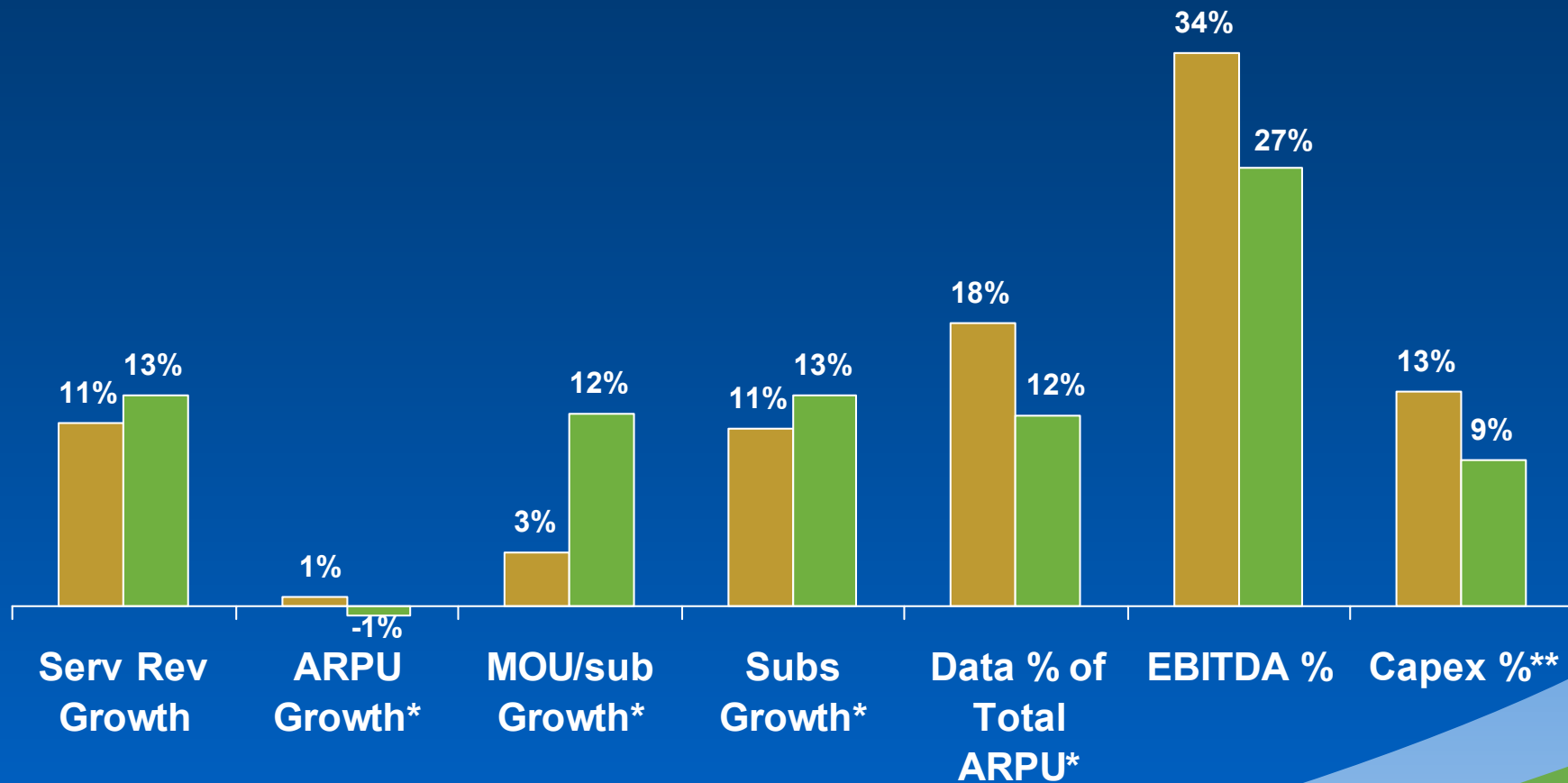
\* May not foot due to rounding

- 27% EBITDA margin
  - 7 point margin improvement versus 2Q06
- Expanding service revenue, leveraging network and supply chain efficiencies
- Continued margin expansion to 30% depends on service revenue growth and cost efficiencies



# Wireless Growth Favorable to Peers

... further opportunity for data growth and margin expansion



\* CBB Postpaid only  
\*\* as % of total revenue



# Technology Solutions

... provides outsourced IT and telecommunication infrastructure & services

## CBTS Revenue Categorization

## Category Definition

Total IT Sourcing for Fortune 500 Customers

Data Center & Managed Services

Complete management of a customer's data needs including network management, hosting, disaster recovery, storage, security and redundancy.

Professional Services

Continue building relationships with customers through IT outsourcing and consulting on an "ad hoc" or longer term basis.

Telecom & IT Equipment Distribution

Value added reseller of over 10 branded technology vendors. Implementation and maintenance services of that equipment are also included.

Migration to Full Managed Sourcing

# Technology Solutions Revenue

Telecom and IT Equipment



Data Center and Managed Services

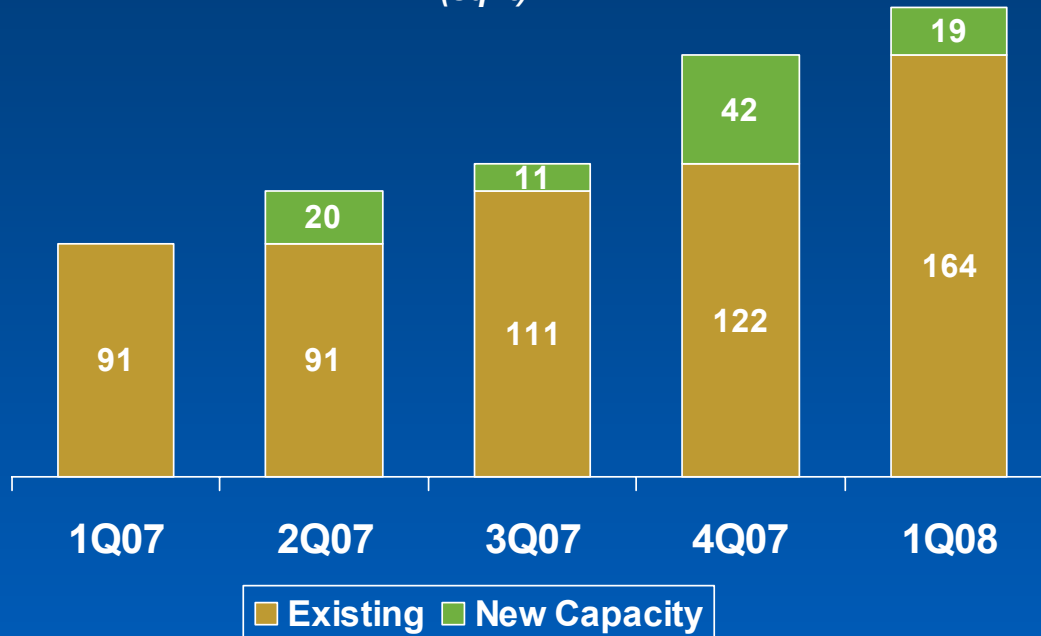


(\$'s in millions)

- Overall revenue declined 1% y/y
- 12% decrease y/y in lower margin telecom and IT equipment revenue
  - Variable in nature: customer projects & budget availability
- Data Center and Managed Services revenue increased 36%
  - Increased capacity and utilization
- Higher product margin growth driving y/y 15% EBITDA growth.

# Data Center Build Out Update

Estimated Capacity Growth  
(sq ft)



(in thousands)  
by qtr end

- Construction complete and billing began on 20,000 square feet of capacity at end 2Q07
- 70,000 sq ft still under construction with 50,000 sq ft expected to be complete by year end
- An indication of strong demand = currently negotiating terms in agreements for 50,000 expected to complete by year end

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## **Outlook & Strategy**

# ***CBB Strategy...Drive Value*** *allocating capital based upon greatest return*

## ***Grow***

Data center and enterprise revenues  
Wireless and wireline interoperability

## ***De-lever***

Transfer value to Shareholders  
Generate free cash flow

## ***Defend***

Consumers' #1 choice for  
communication needs

# ***Return to Equity Holders***

- Each quarter CBB evaluates the De-Lever, Defend and Grow Strategy
- Considerations
  - CBB indenture restrictions
    - 7.25% restricted payment basket = approx. \$100M
  - CBB debt maturities
    - ~ \$31M mandatory payments through 2010
  - Comfort with leverage
    - 4.2x at 6/07; gaining confidence that CBB can operate at those levels
  - Yield on debt repayment
  - Investment opportunities
    - For example, Data Center projects exceeding a 20% return

# *Cincinnati Bell*

Q & A