

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 14, 1996

REGISTRATION STATEMENT NO. 333-13699

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 2
to

Form S-3
REGISTRATION STATEMENT
UNDER THE
SECURITIES ACT OF 1933

CINCINNATI BELL INC.
(Exact name of Registrant as specified in its charter)

OHIO
(State or other jurisdiction of incorporation or
organization)

31-1056105
(I.R.S. Employer Identification No.)

201 EAST FOURTH STREET, CINCINNATI, OHIO 45202 (513) 397-9900
(Address, including zip code and telephone number, including area code, of
registrant's principal executive office)

WILLIAM H. ZIMMER III, SECRETARY AND TREASURER, CINCINNATI BELL INC., 201 EAST
FOURTH STREET,
CINCINNATI, OHIO 45202 (513)397-9900
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Please send copies of all communications to:

WILLIAM D. BASKETT III, ESQ.
Frost & Jacobs
201 East Fifth Street
Cincinnati, Ohio 45202
(513) 651-6800

ALLAN G. SPERLING, ESQ.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006-1470
(212) 225-2000

Approximate date of commencement of proposed sale to the public: From time
to time after the effective date of the Registration Statement as determined by
market conditions.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. []

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

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

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EXPLANATORY NOTE

This Registration Statement contains two forms of prospectus: (1) a prospectus relating to the delivery by Salomon Inc ("Salomon"), pursuant to the % Exchangeable Notes Due February 1, 2001 (the "DECS") of Salomon, of Common Shares of the Registrant that Salomon may receive from Waslic Company II ("Waslic"), a wholly owned subsidiary of The Western and Southern Life Insurance Company, pursuant to the terms of certain exchangeable notes of Waslic; and (2) a prospectus relating to the offer by Bankers Trust Company as Trustee under the Cincinnati Bell Pension Plans Trust of Common Shares of the Registrant (the "Pension Trust Prospectus"). The alternate pages for the Pension Trust Prospectus are marked "Pension Trust Prospectus."

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

NOVEMBER 13, 1996

PROSPECTUS

LOGO

3,000,000 SHARES

CINCINNATI BELL INC.
COMMON SHARES
(\$1.00 PAR VALUE)

Pursuant to the terms of the % Exchangeable Notes Due February 1, 2001 (the "Debt Exchangeable for Common StockSM" or "DECSSM") of Salomon Inc, a Delaware corporation ("Salomon"), Salomon may deliver to the holders of the DECS common shares, par value \$1.00 per share (the "Common Shares"), of Cincinnati Bell Inc. ("Cincinnati Bell"). This Prospectus relates to the delivery by Salomon pursuant to the DECS of up to 3,000,000 Common Shares, plus up to an additional 450,000 Common Shares with respect to DECS solely to cover over-allotments, that Salomon may receive from Waslic Company II ("Waslic"), a Delaware corporation and a wholly owned subsidiary of The Western and Southern Life Insurance Company ("Western & Southern"), under the terms of certain exchangeable notes of Waslic (the "Waslic DECS") issued to Salomon. This Prospectus accompanies a Prospectus Supplement and Prospectus of Salomon (together, the "DECS Prospectus") relating to the sale of 3,000,000 DECS, plus up to an additional 450,000 DECS solely to cover over-allotments (the "DECS Offering"). Cincinnati Bell will not receive any of the proceeds from the sale of the DECS or delivery thereunder of the Common Shares to which this Prospectus relates. Cincinnati Bell takes no responsibility for any information included in or omitted from the DECS Prospectus. The DECS Prospectus does not constitute a part of this Prospectus nor is it incorporated by reference herein.

The Registration Statement of which this Prospectus forms a part also includes a Prospectus relating to the offering (the "Pension Trust Offering") of up to 2,000,000 Common Shares by Bankers Trust Company as Trustee under the Cincinnati Bell Pension Plans Trust (the "Cincinnati Bell Pension Plans Trust"), plus up to an additional 300,000 Common Shares solely to cover over-allotments.

Cincinnati Bell, Waslic and Western & Southern have agreed, subject to certain exceptions, not to sell, without the prior written consent of Salomon Brothers Inc ("Salomon Brothers") and Morgan Stanley & Co. Incorporated ("Morgan Stanley"), any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares for a period of 90 days after the date of this Prospectus. See "Plan of Distribution."

The Common Shares are listed for trading on the New York Stock Exchange, Inc. (the "NYSE") and the Cincinnati Stock Exchange (the "CSE") under the symbol "CSN." On November 13, 1996, the last reported sale price of the Common Shares on the NYSE Composite Tape was \$55.75 per share. See "Price Range of Common Shares and Dividends."

"Debt Exchangeable for Common Stock" and "DECS" are service marks of Salomon Brothers.

SEE "RISK FACTORS" BEGINNING ON PAGE 8 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CAREFULLY CONSIDERED BY PROSPECTIVE PURCHASERS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is , 1996.

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IN CONNECTION WITH THE DECS OFFERING AND THE PENSION TRUST OFFERING, THE RESPECTIVE UNDERWRITERS OF THE DECS AND THE COMMON SHARES MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE DECS OR THE COMMON SHARES OF CINCINNATI BELL AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NYSE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

Certain information incorporated by reference into this Prospectus under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and is subject to the safe harbor created by that Act. There are several important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in such discussions. Additional information on the risk factors which could affect Cincinnati Bell's financial results is included in this Prospectus and in other documents incorporated by reference herein.

AVAILABLE INFORMATION

Cincinnati Bell is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by Cincinnati Bell may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Room 3190, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of such material may be obtained by mail from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, material filed by Cincinnati Bell can be inspected and copied at the offices of the NYSE, 20 Broad Street, New York, New York 10005. The Commission maintains a Web site at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, including Cincinnati Bell.

Cincinnati Bell has filed with the Commission a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Common Shares offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules filed as a part thereof, as permitted by the rules and regulations of the Commission. For further information with respect to Cincinnati Bell and the Common Shares, reference is hereby made to such Registration Statement, including the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete and where such contract or other document is an exhibit to the Registration Statement, each such statement is qualified in all respects by the provisions of such exhibit, to which reference is hereby made for a full statement of the provisions thereof. The Registration Statement, including the exhibits and schedules filed as a part thereof, may be inspected without charge at the public reference facilities maintained by the Commission as set forth in the preceding paragraph. Copies of these documents may be obtained at prescribed rates from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents have been filed by Cincinnati Bell with the Commission (File No. 1-8519) and are incorporated herein by reference:

1. Cincinnati Bell's Annual Report on Form 10-K for the year ended December 31, 1995.
2. Cincinnati Bell's Quarterly Reports on Form 10-Q for the quarters

ended March 31, 1996, June 30, 1996 and September 30, 1996.

All documents filed by Cincinnati Bell pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing such documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document that is also incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Subject to the foregoing, all information appearing in this Prospectus is qualified in its entirety by the information appearing in the documents incorporated by reference herein.

Cincinnati Bell will provide without charge, upon written or oral request, to each person to whom a copy of this Prospectus is delivered, a copy of any or all of the documents referred to above other than exhibits to such documents. Requests for such copies should be directed to the Secretary of Cincinnati Bell Inc., 201 East Fourth Street, Cincinnati, Ohio 45202, telephone number (513) 397-9900.

"Debt Exchangeable for Common Stock" and "DECS" are service marks of Salomon Brothers Inc.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the detailed information and financial statements, including the notes thereto, contained elsewhere or incorporated by reference in this Prospectus. Unless otherwise indicated, the information contained in this Prospectus assumes no exercise of the Underwriters' over-allotment option.

THE COMPANY

Cincinnati Bell is a major U.S. diversified telecommunications company with principal businesses in three industry segments. The telephone operations segment, Cincinnati Bell Telephone Company ("CBT"), provides telecommunications services and products, which include local service, network access and toll telephone services in the Greater Cincinnati area. The information systems segment, Cincinnati Bell Information Systems Inc. ("CBIS"), provides data processing and software development services primarily to the U.S. telecommunications industry. The telephone marketing services segment, MATRIX Marketing Inc. ("MATRIX"), provides telephone marketing, research, fulfillment, database management, interactive voice response and Internet services primarily to large corporations such as AT&T Corp. ("AT&T") and DIRECTV Inc. ("DIRECTV(R)"). Cincinnati Bell also provides long distance and directory services, markets communications equipment and has a minority interest in a partnership which operates cellular telephone systems.

Cincinnati Bell is a leader in each of its principal businesses. CBT is the leading local telephone company in the Greater Cincinnati area; CBIS is the leading provider of billing and customer care services to the wireless telecommunications market in North America; and MATRIX is the largest independent provider of outsourced telephone marketing services based on annual revenues.

Cincinnati Bell's revenues and operating income excluding special items for

1995 were approximately \$1.3 billion and \$225 million, respectively, representing increases of 9% and 32% over 1994. Cincinnati Bell's revenues and operating income excluding special items for the first nine months of 1996 were \$1,141.3 million and \$207.6 million, respectively, representing increases of 15% and 24% over the first nine months of 1995.

STRATEGY

The three principal businesses and other interests of Cincinnati Bell are the products of a focused strategy first initiated in 1983 to expand from a local exchange telecommunications company into a broader, more diversified company providing value-added customer care services in high growth and converging communications markets. By leveraging the combined knowledge, capabilities and experience of its principal subsidiaries, Cincinnati Bell seeks to take advantage of the opportunities arising from the growing communications market and the growing trend of outsourcing information and telephone marketing services. Cincinnati Bell's ability to provide unique insight into the customer care requirements of outsourcing clients of both CBIS and MATRIX is enhanced by the knowledge and expertise developed by serving CBT, a full service telecommunications provider.

In addition to the growth opportunities and synergies created by working together, each business -- CBT, CBIS and MATRIX -- has growth strategies in its respective markets. CBT's strategy is to leverage off its well regarded brand name, excellent service record and tradition of quality to be a full service provider of bundled communications, information and entertainment services. CBIS's strategy is to utilize the scale of its data processing operations and its extensive industry knowledge and experience to be the leading provider of customer care and billing services and network provisioning and management systems to the communications industry. MATRIX's strategy is to focus on developing long-term strategic outsourcing relationships for telephone marketing support of large clients in the telecommunications, technology, financial services, consumer products and direct response industries.

Cincinnati Bell's principal executive offices are located at 201 East Fourth Street, Cincinnati, Ohio 45202. The telephone number is (513) 397-9900.

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THE OFFERINGS

The DECS are being offered by Salomon in the DECS Offering pursuant to the DECS Prospectus. Pursuant to the terms of the DECS, Salomon may deliver Common Shares to the holders of the DECS at maturity thereof. This Prospectus relates to the delivery by Salomon pursuant to the DECS of up to 3,000,000 Common Shares, plus up to an additional 450,000 Common Shares with respect to DECS solely to cover over-allotments, that Salomon may receive from Waslic under the terms of the Waslic DECS. For a description of certain relationships among Waslic, Western & Southern and Cincinnati Bell, see "Certain Relationships."

The Cincinnati Bell Pension Plans Trust is also offering for sale in the Pension Trust Offering 2,000,000 Common Shares, plus up to an additional 300,000 Common Shares solely to cover over-allotments.

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SUMMARY FINANCIAL INFORMATION OF CINCINNATI BELL INC.

NINE MONTHS ENDED
SEPTEMBER 30,

YEARS ENDED DECEMBER 31,

	1996	1995	1995	1994	1993	1992	1991
(IN MILLIONS EXCEPT PER SHARE DATA)							
RESULTS OF OPERATIONS							
Revenues.....	\$1,141.3	\$ 992.9	\$1,336.1	\$1,228.2	\$1,096.2	\$1,101.4	\$1,064.7
Costs and expenses (excluding special items).....	933.7	825.4	1,110.7	1,057.1	982.0	990.8	920.0
Operating income (excluding special items).....	207.6	167.5	225.4	171.1	114.2	110.6	144.7
Special items.....	(14.4)	134.5	178.7	5.7	132.9	19.4	26.8
Operating income (loss).....	222.0	33.0	46.7	165.4	(18.7)	91.2	117.9
Other income (expense), net.....	9.4	0.7	(13.5)	1.7	9.4	10.9	4.2
Interest expense.....	25.1	39.8	52.8	49.5	45.8	46.2	52.8
Income (loss) before income taxes, extraordinary charges and cumulative effect of change in accounting principle.....	206.3	(6.1)	(19.6)	117.6	(55.1)	55.9	69.3
Income taxes.....	72.9	(2.3)	5.7	42.1	1.7	17.0	26.6
Extraordinary charges and cumulative effect of change in accounting principle.....	--	--	(7.0)	(2.9)	--	(3.7)	--
Net income (loss).....	\$ 133.4	\$ (3.8)	\$ (32.3)	\$ 72.6	\$ (56.8)	\$ 35.2	\$ 42.7
Earnings (loss) per common share...	\$ 1.94	\$ (.06)	\$ (.49)	\$ 1.11	\$ (.93)	\$.50	\$.63
Dividends declared per common share.....	\$.60	\$.60	\$.80	\$.80	\$.80	\$.80	\$.80
Weighted average common shares outstanding (000).....	68,645	66,204	66,271	65,443	63,296	61,914	61,334
Operating margin (excluding special items).....	18.2%	16.9%	16.9%	13.9%	10.4%	10.0%	13.6%
FINANCIAL POSITION							
Total assets.....	\$1,631.3	\$1,743.5	\$1,591.7	\$1,723.4	\$1,664.1	\$1,632.5	\$1,743.1
Long-term debt.....	\$ 381.3	\$ 491.1	\$ 386.8	\$ 528.3	\$ 522.9	\$ 350.1	\$ 445.2
Total debt.....	\$ 517.4	\$ 605.2	\$ 512.9	\$ 597.0	\$ 634.9	\$ 543.0	\$ 618.1
Common shareowners' equity.....	\$ 585.4	\$ 516.8	\$ 478.1	\$ 552.4	\$ 515.6	\$ 568.9	\$ 581.6

RISK FACTORS

The following factors should be considered in connection with an investment in Cincinnati Bell Common Shares. Any one or more of such factors may cause Cincinnati Bell's actual results for various financial reporting periods to differ materially from those expressed in any forward-looking statements made by or on behalf of Cincinnati Bell.

REGULATORY AND COMPETITIVE TRENDS

Recently enacted and future legislative and regulatory initiatives will have an impact on CBT and other incumbent local exchange carriers ("LECs"), including the Regional Bell Operating Companies ("RBOCs") and other independent telephone companies. The extent of that impact will not be known until the initiatives are fully implemented. The basic thrust of these initiatives is to encourage and accelerate the development of competition in the telecommunications industry by removing legal barriers to competition across major segments of that industry. Under the initiatives, companies that today are limited to one or more of those segments, including local exchange, long distance, wireless, cable television and information services, could enter the other segments to compete with the incumbent providers and other new entrants.

Today's technology makes it possible to interconnect facilities of competing telecommunications carriers and to provide the service offerings of multiple competitors through the network facilities of one or more incumbents. At the federal level, the Telecommunications Act of 1996 (the "Act") passed in February 1996 requires incumbent LECs like CBT to interconnect with the networks of other service providers, unbundle certain network elements and make them available to competing providers at wholesale rates. Additionally, the Act requires the removal of other perceived barriers to competitive entry by alternative providers of local exchange services. Although the Act clearly states these mandates, it does so in general terms and leaves the implementation of these mandates to the Federal Communications Commission ("FCC") and the state regulatory agencies.

On August 8, 1996, the FCC issued an order establishing regulations to

implement the "local competition" provisions of the Act. These regulations essentially establish parameters under which a LEC must allow other telecommunications carriers to interconnect with its network, including the compensation that a LEC would receive for terminating calls originating from the networks of the other carriers. The FCC's regulations also establish parameters under which LECs must unbundle network elements and offer them to other telecommunications carriers. The prices for interconnection and unbundled elements either are to be negotiated between the parties (and approved by the relevant state commission) or, if the parties fail to reach an agreement, the rates are to be set by the relevant state commission based on guidelines established by the Act and implemented by the FCC. Under the Act, these rates must be based on the cost of providing the interconnection or unbundled elements, be nondiscriminatory and include a reasonable profit. The FCC has determined that the prices for these unbundled elements and interconnection are to be based on a methodology governed by forward-looking, long-run incremental costs. The Act also requires LECs to offer to other telecommunications carriers, at wholesale rates, any retail telecommunications service offered by the LEC to end-users. The FCC has determined that the wholesale rates are to be based on the LEC's retail rates, less the costs avoided by the LEC in offering its services for resale.

CBT and several other LECs believe the FCC's regulations with respect to interconnection, unbundling and resale unlawfully exceed the requirements of the Act. Accordingly, they have sought review of the FCC's order in the United States Court of Appeals. The primary objections raised by CBT and the other LECs are that the pricing rules and standards for interconnection, unbundling and resale, and the rules allowing interconnecting carriers to "pick and choose" from various unbundled elements and services, along with their prices, being provided by LECs pursuant to pre-approved contracts with other carriers, will not provide the LECs with adequate compensation. On October 15, 1996, the United States Court of Appeals for the Eighth Circuit stayed the effectiveness of the portions of the FCC order establishing the pricing standards and the "pick and choose" rules. A petition to vacate the Eighth Circuit's stay of these rules is pending before the United States Supreme Court, but one Justice on the Supreme Court has already denied a petition to lift the stay. As a result of the stay, these rules are suspended, pending a final decision on the merits of the petition for

review of these rules. The appeal is scheduled for argument the week of January 13, 1997. The FCC regulations requiring LECs to negotiate with new entrants, unbundle and resell still exist; however, pending a decision on the appeal, pricing will be determined by private negotiations as approved by state regulatory authorities or by state arbitrations.

If the FCC's order were implemented as written, and if CBT were unable to obtain waivers to certain requirements or to replace its lost revenues, Cincinnati Bell believes that the result would have a material adverse impact on its revenues and earnings. The material impact would result from the elimination of certain revenues designed to subsidize residential telephone service and increased costs to develop or modify systems to allow number portability and interconnection. CBT also believes that implementation of the FCC order would significantly enhance the position of its competitors, which would have an additional adverse impact on CBT's revenues and earnings from operations within its territory.

The outcome of three separate, but related, FCC proceedings could be significant for CBT. In the first of these proceedings, the FCC will be implementing a universal service funding mechanism which is currently being developed by a joint board made up of state and federal regulators. In the second of these proceedings, the FCC will be reforming the current access charge regime, which could result in an additional reduction in revenues. In the third, the FCC will be implementing regulations that may require certain LECs to share

their infrastructure, technology, information and facilities with certain smaller telecommunications service providers.

At the state level, the Public Utilities Commission of Ohio ("PUCO") recently adopted a set of local service guidelines that largely mirror the requirements of the Act and the FCC regulations discussed above. In addition, the PUCO has issued orders granting Time Warner Communications of Ohio, L.P. and Communications Buying Group, Inc. certificates of public convenience and necessity to provide local exchange service in CBT's operating territory. Other entities have been granted certificates to provide basic local exchange service in Ohio, although not in CBT's operating territory. On November 7, 1996, in response to the request of CBT and others for rehearing, the PUCO reissued the guidelines for local competition in Ohio. CBT is currently analyzing the impact of these guidelines. Cincinnati Bell believes that CBT will face increased competition under these guidelines which may have a material adverse effect on its operating results. To date, six competitors have requested interconnection with CBT's network.

On September 26, 1996, the Public Service Commission of Kentucky ("PSCK") issued its rules for local competition in Kentucky. A major portion of the rules outlines the PSCK's perspective regarding universal service and the development of a universal service fund intended to keep residential rates within the state affordable. The rules established a workshop process to review universal service funding. The rules also established an interim resale discount of 17% for most LECs including CBT pending the submission of company-specific cost studies supporting a smaller discount. The PSCK did not, however, adopt detailed rules for interconnection. CBT is reviewing the rules to determine their impact, but the adopted rules are likely to lead to increased competition for CBT in Kentucky and may have an adverse effect on its operating results.

The impact of the proposed regulatory changes may be mitigated through modification of the final rules, waivers of the rules and price increases in other regulated services (e.g., local rates).

CUSTOMER CONCENTRATION

MATRIX, CBIS and CBT rely on several significant customers for a large percentage of their respective revenues. Their relationships with customers are typically based on written contracts with a set term; however, such contracts may contain provisions that allow a customer at any time to terminate the relationship prior to the end of the contract term. In the case of MATRIX, three customers represented approximately 38% of its 1995 revenues and 40% of its first nine months of 1996 revenues. In the case of CBIS, its four largest customers, other than CBT, collectively represented approximately 70% of its 1995 revenues. Each of Cincinnati Bell's major subsidiaries derives significant revenues from AT&T and its affiliates by providing network services, billing and customer care systems and telephone marketing services. During 1995, revenues from AT&T accounted for 26% of Cincinnati Bell's consolidated revenues under

various independent contracts with one or more of its subsidiaries. Thus, the loss of one or more significant customers could have a material adverse effect on Cincinnati Bell's operating results.

CBT and AT&T are discussing whether to revise portions of their agreement concerning the joint provision of certain telecommunication services. Revenues

subject to discussion represent approximately \$36 million or 6% of CBT's 1995 revenues, but portions of the contract provide above average profit contribution. The outcome of such discussions cannot be predicted, but significant changes in the relationship could have a material adverse impact on CBT's future earnings. These discussions with AT&T do not involve AT&T's relationship with other Cincinnati Bell subsidiaries.

CUSTOMER AND INDUSTRY SUCCESS

The revenues generated by MATRIX and CBIS are dependent on the success of their customers. If their customers are not successful, the amount of business that such customers outsource will be diminished. Several of MATRIX's and CBIS's current customers participate in emerging industries. The extent to which products marketed by such customers (e.g., personal communications services ("PCS")) will be successful is not yet known. Thus, although CBIS and MATRIX have signed contracts to provide services to such customers, there can be no assurance that the level of revenues to be received from such contracts will meet expectations.

Each of the business segments in which Cincinnati Bell's subsidiaries conduct their business has grown significantly in the last several years. To the extent that growth in these industry segments declines, such decline could adversely affect the growth of each subsidiary's business. In addition, the possibility of continued growth in these segments could be affected by the development of new products that provide alternatives to the product offerings of Cincinnati Bell, and by a change in the trend of businesses generally to outsource functions unrelated to their core capabilities.

RAPIDLY CHANGING TECHNOLOGY

The telecommunications industry is subject to rapid and significant changes in technology. Cincinnati Bell's businesses are highly dependent on its computer, telecommunications and software systems. Cincinnati Bell's failure to maintain the superiority of its technological capabilities or to respond effectively to technological changes could have an adverse effect on its businesses, results of operations or financial condition. Cincinnati Bell's future success also will be highly dependent upon its ability to enhance existing services and introduce new services or products to respond to changing technological developments. There can be no assurance that Cincinnati Bell can successfully develop and bring to market any new services or products in a timely manner, that such services or products will be commercially successful or that competitors' technologies or services will not render Cincinnati Bell's products or services noncompetitive or obsolete.

POTENTIAL VOLATILITY OF STOCK PRICE

The trading price of Cincinnati Bell's Common Shares is subject to fluctuations in response to Cincinnati Bell's operating profits, announcements of new contract awards or new products by Cincinnati Bell and its subsidiaries or their competitors, general conditions in the market, changes in earnings estimates by analysts, failure to meet the revenues or earnings estimates of analysts or other events or factors. The public stock markets have experienced price and trading volume volatility in recent months. This volatility has significantly affected the market prices of securities of many companies for reasons frequently unrelated to the operating performance of the specific companies. The market price for the Common Shares has been highly volatile. Future announcements concerning Cincinnati Bell, its subsidiaries or their competition, including the results of technological innovations, new products, government regulations, litigation or public concern with respect to Cincinnati Bell or its subsidiaries and other factors including those described above, may have a significant impact on the market price of the Common Shares.

It is not possible to predict accurately how or whether any market that develops for the DECS will influence the market for the Common Shares. For example, the price of the Common Shares could become more volatile and could be depressed by investors' anticipation of the potential distribution into the market,

upon the maturity of the DECS, of the 3,000,000 Common Shares which may be delivered by Waslic upon the maturity of the DECS (currently constituting approximately 4.5% of the outstanding Common Shares). See "Certain Relationships." The price of the Common Shares could also be affected by possible sales of Common Shares by investors who view the DECS as a more attractive means of equity participation in Cincinnati Bell and by hedging or arbitrage trading activity that may develop involving the DECS and the Common Shares.

USE OF PROCEEDS

Cincinnati Bell will not receive any of the proceeds from the sale of the DECS by Salomon Inc or the sale of the Common Shares by the Cincinnati Bell Pension Plans Trust.

PRICE RANGE OF COMMON SHARES AND DIVIDENDS

The Common Shares are traded under the symbol "CSN" on the NYSE and on the CSE. The following table sets forth for the indicated calendar quarters the high and low sales prices for the Common Shares, as reported in the NYSE consolidated transaction system, and the dividends paid per Common Share since January 1, 1994.

	SALES PRICES		DIVIDENDS PAID
	HIGH	LOW	
1994			
First Quarter.....	\$18 7/8	\$15 1/2	\$.20
Second Quarter.....	\$17 1/2	\$15 3/8	\$.20
Third Quarter.....	\$20 1/8	\$ 16	\$.20
Fourth Quarter.....	\$19 1/2	\$16 3/4	\$.20
1995			
First Quarter.....	\$22 1/8	\$16 7/8	\$.20
Second Quarter.....	\$26 1/4	\$20 7/8	\$.20
Third Quarter.....	\$28 1/8	\$24 3/4	\$.20
Fourth Quarter.....	\$35 1/4	\$26 1/8	\$.20
1996			
First Quarter.....	\$ 53	\$32 1/4	\$.20
Second Quarter.....	\$57 3/4	\$46 7/8	\$.20
Third Quarter.....	\$53 1/4	\$45 3/8	\$.20
Fourth Quarter (through November 13, 1996).....	\$56 7/8	\$46 1/4	\$.20

As of September 30, 1996, there were approximately 18,532 holders of record of the Common Shares and 67,393,953 Common Shares outstanding, including 8,171,378 shares held by or for the account of Cincinnati Bell, its subsidiaries and its employee benefit plans.

Cincinnati Bell has paid consecutive cash dividends on its Common Shares since 1879. The payment of future dividends will depend upon future earnings, the financial condition of Cincinnati Bell and other factors.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected historical consolidated financial and operating data of Cincinnati Bell and its subsidiaries. The selected historical consolidated financial data as of and for each of the five years in the period ended December 31, 1995 have been derived from the audited consolidated financial statements of Cincinnati Bell. The selected consolidated financial data as of and for the nine month periods ended September 30, 1996 and 1995 have been derived from the unaudited consolidated financial statements of Cincinnati Bell. The statements for such nine month periods, in the opinion of management, include all adjustments necessary to present fairly the financial results for such periods. All adjustments are of a normal or recurring nature except those outlined in Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in the Form 10-Ks and Form 10-Qs of Cincinnati Bell for those periods. The results of operations for the nine month period ended September 30, 1996 are not necessarily indicative of the results that may be expected for the full fiscal year. The historical consolidated financial data set forth below should be read in conjunction with the audited and unaudited consolidated financial statements of Cincinnati Bell incorporated by reference herein. See "Available Information" and "Incorporation of Certain Documents by Reference."

	NINE MONTHS ENDED SEPTEMBER 30,		YEARS ENDED DECEMBER 31,				
	1996	1995	1995	1994	1993	1992	1991
(IN MILLIONS EXCEPT PER SHARE DATA)							
RESULTS OF OPERATIONS							
Revenues.....	\$1,141.3	\$ 992.9	\$1,336.1	\$1,228.2	\$1,096.2	\$1,101.4	\$1,064.7
Costs and expenses (excluding special items).....	933.7	825.4	1,110.7	1,057.1	982.0	990.8	920.0
Operating income (excluding special items).....	207.6	167.5	225.4	171.1	114.2	110.6	144.7
Special items.....	(14.4)	134.5	178.7	5.7	132.9	19.4	26.8
Operating income (loss).....	222.0	33.0	46.7	165.4	(18.7)	91.2	117.9
Other income (expense), net.....	9.4	0.7	(13.5)	1.7	9.4	10.9	4.2
Interest expense.....	25.1	39.8	52.8	49.5	45.8	46.2	52.8
Income (loss) before income taxes, extraordinary charges and cumulative effect of change in accounting principle.....	206.3	(6.1)	(19.6)	117.6	(55.1)	55.9	69.3
Income taxes.....	72.9	(2.3)	5.7	42.1	1.7	17.0	26.6
Extraordinary charges and cumulative effect of change in accounting principle.....	--	--	(7.0)	(2.9)	--	(3.7)	--
Net income (loss).....	\$ 133.4	\$ (3.8)	\$ (32.3)	\$ 72.6	\$ (56.8)	\$ 35.2	\$ 42.7
Earnings (loss) per common share.....	\$ 1.94	\$ (.06)	\$ (.49)	\$ 1.11	\$ (.93)	\$.50	\$.63
Dividends declared per common share.....	\$.60	\$.60	\$.80	\$.80	\$.80	\$.80	\$.80
Weighted average common shares outstanding (000).....	68,645	66,204	66,271	65,443	63,296	61,914	61,334
Operating margin (excluding special items).....	18.2%	16.9%	16.9%	13.9%	10.4%	10.0%	13.6%
FINANCIAL POSITION							
Total assets.....	\$1,631.3	\$1,743.5	\$1,591.7	\$1,723.4	\$1,664.1	\$1,632.5	\$1,743.1
Long-term debt.....	\$ 381.3	\$ 491.1	\$ 386.8	\$ 528.3	\$ 522.9	\$ 350.1	\$ 445.2
Total debt.....	\$ 517.4	\$ 605.2	\$ 512.9	\$ 597.0	\$ 634.9	\$ 543.0	\$ 618.1
Common shareholders' equity.....	\$ 585.4	\$ 516.8	\$ 478.1	\$ 552.4	\$ 515.6	\$ 568.9	\$ 581.6
OTHER DATA							
Total capital additions (including acquisitions).....	\$ 135.5	\$ 102.7	\$ 166.8	\$ 156.2	\$ 235.4	\$ 140.1	\$ 193.3
Telephone plant construction.....	\$ 71.5	\$ 68.2	\$ 90.3	\$ 112.8	\$ 111.6	\$ 95.0	\$ 115.9
Access minutes of use (millions) --							
Interstate...	2,046	1,889	2,536	2,336	2,132	1,985	1,852
Intrastate...	715	716	956	932	888	836	793
Total.....	2,761	2,605	3,492	3,268	3,020	2,821	2,645

Cincinnati Bell is a major U.S. diversified telecommunications company with principal businesses in three industry segments. The telephone operations segment, CBT, provides telecommunications services and products, which include local service, network access and toll telephone services in the Greater Cincinnati area. The information systems segment, CBIS, provides data processing services and software development services through long-term contracts primarily to the U.S. telecommunications industry. The telephone marketing services segment, MATRIXX, provides telephone marketing, research, fulfillment, database management, interactive voice response and Internet services. The operations of Cincinnati Bell's long distance, directory services, and equipment supply businesses are included with corporate operations in the Other category. The following discussion should be read in conjunction with Cincinnati Bell's Consolidated Financial Statements and the accompanying Notes. Results for interim periods may not be indicative of results for the full year.

RESULTS OF OPERATIONS

CONSOLIDATED OVERVIEW

First Nine Months of 1996 Compared to First Nine Months of 1995

Cincinnati Bell's consolidated revenues were \$1,141.3 million compared to \$992.9 million, an increase of 15%. Net income was \$133.4 million compared to a net loss of \$3.8 million in 1995. Earnings per share for the first nine months of 1996 were \$1.94 compared to a loss per share of \$.06 for the first nine months of 1995.

Results for the first nine months of 1996 include \$16.5 million of pension settlement gains from a business restructuring of Cincinnati Bell in 1995. During the quarter ended September 30, 1996, Cincinnati Bell incurred a \$2.1 million charge for acquired research and development and reversed \$2.5 million of accrued interest expense related to overearnings liabilities. These items increased net income \$10.8 million and earnings per share \$.15. The results for the first nine months of 1995 also include \$132.0 million of special charges for business restructuring at CBT (\$124.0 million) and Cincinnati Bell (\$8.0 million) and a \$2.5 million charge for acquired research and development. These charges reduced net income by \$85.6 million or \$1.29 per share.

1995 Compared to 1994 and 1994 Compared to 1993

Revenues increased 9% in 1995 to \$1,336.1 million from \$1,228.2 million in 1994. 1994 revenues increased 12% from 1993. Revenue growth in 1995 was 4% at CBT, 9% at CBIS and 20% at MATRIXX.

Cincinnati Bell's consolidated net loss was \$32.3 million in 1995 compared to net income of \$72.6 million in 1994 and a net loss of \$56.8 million in 1993. 1995 loss per share was \$.49 compared to earnings per share of \$1.11 in 1994 and a loss per share of \$.93 in 1993.

Excluding special items, consolidated net income was \$114.2 million in 1995 or \$1.72 per share, a 44% increase in net income versus 1994. Consolidated net income was \$79.2 million in 1994 or \$1.21 per share and \$50.1 million in 1993 or \$.76 per share.

In 1995, Cincinnati Bell approved a business restructuring plan for CBT and Cincinnati Bell. The restructuring plan resulted in the need for fewer employees to operate their businesses. Most of the reductions in personnel came from the offering of early retirement incentives. The charges were primarily related to pension enhancements and associated postretirement health care costs for retirees. More than 1,300 employees accepted the early retirement offer including approximately 1,000 hourly workers. Through the end of 1995 approximately 250 management and 450 hourly employees had left as a result of

the offer. The remainder will leave through early 1997. New employees are being added in certain areas to support new business efforts. Results in 1995 included after-tax charges of \$84 million for these restructurings.

Results in 1995 also included a \$39.4 million after-tax charge to write down goodwill associated with MATRIXX's French subsidiary, \$8.5 million after tax to terminate an interest rate and currency swap agreement used to hedge the French MATRIXX investment and \$7 million after tax to retire certain long-term debt. Finally, \$4.6 million after tax was charged to in-process research and development on two CBIS acquisitions. (See Note 2 of Notes to Cincinnati Bell's Consolidated Financial Statements incorporated herein

by reference to Cincinnati Bell's Annual Report on Form 10-K for the period ended December 31, 1995 for greater detail on these subjects.) These special items reduced net income in 1995 by \$146.5 million or \$2.21 per share.

Results in 1994 included an after-tax charge of \$6.6 million or \$.10 per share for special items and a change in accounting for the adoption of Statement of Financial Accounting Standards (SFAS) 112 for post-employment benefits. (See Note 2 of Notes to Cincinnati Bell's Consolidated Financial Statements for a discussion of the SFAS 112 impact.)

TELEPHONE OPERATIONS

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93	
(DOLLARS IN MILLIONS)									
Revenues									
Local service.....	\$276.6	\$262.6	5%	\$352.6	\$329.3	7%	\$304.1	8%	
Network access.....	118.6	106.6	11%	142.6	141.0	1%	138.5	2%	
Long distance.....	21.1	25.8	(18)%	33.5	37.2	(10)%	41.4	(10)%	
Other.....	67.2	71.2	(6)%	95.7	92.2	4%	98.1	(6)%	
Total.....	483.5	466.2	4%	624.4	599.7	4%	582.1	3%	
Operating expenses (excluding special items).....	387.4	379.6	2%	508.7	496.6	2%	481.9	3%	
Operating income (excluding special items).....	96.1	86.6	11%	115.7	103.1	12%	100.2	3%	
Special items.....	(16.5)	124.0	--	121.7	3.6	--	6.6	--	
Operating income (loss).....	\$112.6	\$(37.4)	--	\$ (6.0)	\$ 99.5	--	\$ 93.6	6%	
Access lines (000).....	936	900	4%	906	877	3%	848	3%	
CBT employees.....	2,900	3,000	(3)%	2,700	3,300	(18)%	3,400	(3)%	
Access lines per CBT employee.....	323	300	8%	336	266	26%	249	7%	
Minutes of use (millions)									
Interstate.....	2,046	1,889	8%	2,536	2,336	9%	2,132	10%	
Intrastate.....	715	716	--	956	932	3%	888	5%	
Total.....	2,761	2,605	6%	3,492	3,268	7%	3,020	8%	

First Nine Months of 1996 Compared to First Nine Months of 1995

Local service revenues increased \$14.0 million for the first nine months of 1996 compared to 1995 primarily due to continuing access line growth. Much of the access line growth was attributed to higher installations of second residential lines for home office and on-line computer services. Growth in enhanced custom calling services, central office features, public telephone revenues and new rates approved by the PSCK that became effective in May 1995 accounted for the remainder of the increase. The approval by the PSCK maintained uniform rates for basic services in CBT's Kentucky and Ohio metropolitan areas.

Network access revenues increased \$12.0 million from a 6% growth in access minutes of use, higher end user charges as a result of access line growth and a change in estimates for potential overearnings liability.

The \$4.7 million decrease in long distance revenues was caused by lower settlement revenues from interexchange carriers and independent companies and a decline in long distance message revenues from the expansion of local service areas in some Northern Kentucky counties in November 1995.

Other telephone operations revenues decreased \$4.0 million. Billing and collection services decreased as more customers are now performing these services in-house. Commission revenue decreased from less sales subject to commissions. An increase in the provision for uncollectible accounts caused a decrease in revenues. Partially offsetting the decreases were higher sales of wiring services and increases in payphone agent revenues because of increased levels of business activity.

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Operating expenses were comparable to the first nine months of 1995 after excluding special charges and credits for the 1995 business restructuring. Contracted services, consulting fees and data processing costs increased \$8.9 million as a result of business restructuring projects, many of which started in the second quarter of 1996. Advertising costs were higher by \$1.6 million because of specific campaigns marketing new services, additional lines and internet access. The level of cost reduction due to salaries and wages is less than the headcount reduction as costs have increased concurrently for overtime resulting from business growth and the need to maintain high quality service. The extremely wet weather in the Cincinnati area during the second quarter of 1996 also contributed to increased labor costs required for repairs. Depreciation and amortization expenses increased \$2.7 million primarily as a result of increases in switching, circuit and outside plant assets.

Right-to-use fees were lower for the first nine months of 1996 by \$1.8 million as a result of network software upgrades made in 1995 to provide additional customer services. Operating taxes decreased \$4.7 million primarily from a 1995 Ohio tax law change on equipment placed into service after January 1, 1994. Facilities expenses decreased \$3.5 million because certain leases for administrative buildings were terminated or expired as part of the business restructuring. The remaining differences were primarily in costs of goods sold, supplies and miscellaneous expenses.

1995 Compared to 1994 and 1994 Compared to 1993

Continued record growth in access lines, a full year's effect of the increases in rates in Ohio (which took effect in mid 1994) and new rates approved by the PSCK effective May 1995 increased local service revenues by \$14.8 million in 1995. The remaining increase of \$8.5 million was primarily from increased customer usage of enhanced custom calling services and directory assistance.

Growth in access lines and an increase in rates approved by the PUCO in Ohio effective May 1994 accounted for \$14.7 million of the increase in local service revenues in 1994. Revenues were also higher by \$9.3 million as a result of sales of enhanced custom calling services and increased usage of both

directory assistance and public telephone services.

Network access revenues increased in 1995 from access line growth and increased minutes of use, as well as lower support payments to the National Exchange Carrier Association ("NECA").

The increase in interstate network access revenues in 1994 was primarily attributable to the \$6.6 million reduction in 1993 revenues resulting from orders of the FCC. In addition, higher minutes of use and lower support payments to NECA accounted for \$5.5 million of the increase. FCC orders involving overearnings complaints against CBT for the 1987-1988 monitoring period were recorded as a reduction of access revenues in 1993.

Long distance revenues decreased \$3.7 million in 1995 because of lower settlements with interexchange carriers and independent companies due primarily to decreases in rates. Long distance revenues declined \$4.2 million in 1994 because of lower settlement revenues from independent companies, the effect of a favorable retroactive interexchange carrier adjustment in February 1993 and an interstate message toll rate reduction in January 1994.

Other telephone operations revenues increased \$3.5 million in 1995 from growth in customer premises equipment repairs, payphone agent services for interexchange carriers, voice mail and billing and collection services. The increases were partially offset by lower sales of merchandise and an increased provision for uncollectibles.

In 1994 other telephone operations revenues were lower by \$10.3 million because CBT discontinued its leasing of telecommunications equipment in late 1993 and sold its residential equipment leasing and PhoneCenter store businesses in the first quarter of 1993.

Operating expenses excluding special items increased \$12.1 million in 1995 compared to 1994. Contract services for systems development and other services increased \$10.3 million primarily as a result of the business restructuring. The increase also includes higher depreciation and amortization expenses of \$2.3 million as a result of rate prescriptions in Ohio which became effective in July 1994 and higher levels of

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depreciable plant. Right-to-use fees were lower by \$3.2 million as a consequence of fewer switch conversions and network software upgrades.

Operating expenses excluding special items increased \$14.7 million in 1994. Right-to-use fees for advanced intelligent network software upgrades increased \$3.5 million. Postretirement benefit costs increased \$4.5 million primarily from expensing 1993 costs which were deferred with regulatory approval. Expenses were \$5.2 million higher in 1994 because of a 1993 change in vacation policy which resulted in a one-time expense reduction. Depreciation and amortization expense increased \$11.4 million in 1994, with \$9.7 million resulting from depreciation rate prescriptions by the Federal and Kentucky authorities effective January 1, 1994, and the PUCO effective July 1, 1994. In November 1994, CBT presented a separation offer to its senior managers which resulted in \$3.6 million of special charges in 1994.

Partially offsetting the 1994 increase in operating expenses was a \$7.4 million reduction reflecting businesses sold and discontinued and a \$3.7 million decline resulting from lower software costs.

INFORMATION SYSTEMS

NINE MONTHS
ENDED
SEPTEMBER 30,

YEAR ENDED
DECEMBER 31,

YEAR ENDED
DECEMBER 31,

	----- 1996	1995	% CHANGE 96 VS 95	----- 1995	1994	% CHANGE 95 VS 94	----- 1993	% CHANGE 94 VS 93
	(DOLLARS IN MILLIONS)							
Revenues.....	\$346.5	\$275.8	26%	\$373.9	\$343.8	9%	\$ 356.6	(4)%
Operating expenses (excluding special items).....	290.0	242.1	20%	327.9	316.7	4%	357.9	(12)%
Operating income (loss) (excluding special items).....	56.5	33.7	68%	46.0	27.1	70%	(1.3)	--
Special items.....	2.1	2.5	(16)%	7.5	--	--	123.3	--
Operating income (loss).....	\$ 54.4	\$ 31.2	74%	\$ 38.5	\$ 27.1	42%	\$ (124.6)	--

First Nine Months of 1996 Compared to First Nine Months of 1995

Revenues increased \$70.7 million. Data processing revenues contributed \$22.1 million of the increase as a result of strong subscriber growth of cellular customers. Professional and consulting service revenues increased \$24.4 million from a combination of development requests from existing and new customers, new PCS opportunities and the acquisition of Information Systems Development Partnership ("ISD"), a cable software company, in the fourth quarter of 1995. Hardware sales of ISD accounted for most of the \$13.5 million increase in licenses and other fees. International revenues grew \$10.7 million from improved contractual agreements and the acquisition in the third quarter of 1996 of International Computer Systems, Inc. ("ICS").

Operating expenses excluding special items increased \$47.9 million. Costs associated with new and existing customers resulted in an increase of \$25.1 million. Research and development costs increased \$13.5 million from development activity for billing solutions software. An increase in depreciable assets increased depreciation and amortization expenses by \$2.2 million. Sales, marketing and general and administrative costs increased \$7.1 million primarily as a result of additional business. Non-recurring charges of \$2.1 million and \$2.5 million for acquired in-process research and development expenses were recorded in the third quarter of 1996 and the first quarter of 1995, respectively.

1995 Compared to 1994 and 1994 Compared to 1993

CBIS had a strong year of continuing growth and profit progress in 1995, with revenues up 9% and operating income excluding special items up 70%. Strong subscriber growth in the cellular telecommunications market contributed to a 19% domestic revenue growth at CBIS in 1995 to \$343 million, as CBIS generated a record 140 million bills for wireless and wireline telecommunications companies. International revenues were down 50% to \$31 million due to the completion of one contract in early 1995 and the delayed delivery of another contract. All anticipated costs due to the delay were recorded in 1995.

1994 revenues increased by about 20% versus 1993 when 1993's figures are adjusted to exclude operations sold or closed (\$67.4 million). Revenue growth in 1994 was primarily the result of higher data processing and professional services provided to the cellular industry, and professional service contracts with international clients for development of telecommunications solutions.

Operating expenses increased just 4% in 1995 compared with 1994, after excluding special items. CBIS increased research and development spending by 43%, with total 1995 spending of \$32 million (excluding \$7.5 million of acquired research and development). General and administrative expenses decreased in 1995 by \$8.5 million.

Operating expenses increased 9% in 1994 compared to 1993 after excluding \$88.6 million of 1993 expenses related to operations sold or closed and \$102 million in special charges. (See Note 2 of Notes to Cincinnati Bell's Consolidated Financial Statements for a discussion of special items.) The increase primarily reflected additional production costs of \$28 million to support cellular and wireline billing clients and a \$23 million increase in international contract costs. The higher international costs reflected provisions resulting from CBIS cost estimates exceeding expected revenues on certain long-term contracts.

TELEPHONE MARKETING SERVICES

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,	
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93
	(DOLLARS IN MILLIONS)							
Revenues.....	\$252.9	\$200.8	26%	\$271.1	\$226.1	20%	\$108.2	109%
Operating expenses (excluding special items).....	221.7	176.4	26%	238.8	203.5	17%	106.2	92%
Operating income (excluding special items).....	31.2	24.4	28%	32.3	22.6	43%	2.0	--
Special items.....	--	--	--	39.6	--	--	--	--
Operating income (loss).....	\$ 31.2	\$ 24.4	28%	\$ (7.3)	\$ 22.6	--	\$ 2.0	--

First Nine Months of 1996 Compared to First Nine Months of 1995

Telephone marketing services revenues increased \$52.1 million representing strong growth in the outsourced dedicated services sector, which provided \$39.2 million (or 75%) of the growth while traditional telephone marketing services provided \$9.2 million (or 18%) of the growth. Industries experiencing the greatest growth were telecommunications and technology. The remaining increase was primarily from international operations.

Operating expenses excluding special items increased \$45.3 million, at a rate comparable to that of revenues. The increase for the period was principally the result of higher direct labor costs reflecting higher activity. In 1996, MATRIXX expanded its DIRECTV(R) dedicated call center near Cincinnati and opened a new dedicated call center in Orem, Utah. There were approximately 13,300 MATRIXX employees at September 30, 1996, an increase of 4,300 employees from September 30, 1995.

1995 Compared to 1994 and 1994 Compared to 1993

Revenues increased by 20% in 1995 representing strong growth in the outsourced sector and solid growth in the traditional telephone marketing services programs. Total revenues were up \$45 million with 66% of the increase generated from outsourcing sales support and customer service contracts. The balance of the growth came from the more traditional inbound/outbound services and from international operations. Industries with the strongest increases were telecommunications, technology (including DIRECTV(R)) and financial services. In 1995, the growth in outsourced customer service programs was further supported by the opening of a new 500 workstation facility in Salt Lake City.

Revenue growth in 1994 primarily reflects the acquisition of WATS Marketing of America ("WATS") from First Data Corp. in late 1993 as well as internal growth from existing operations. Revenues in 1994 would have increased by 20% if WATS had been part of MATRIXX throughout 1993. The growth was broad-based across all types of services and industries.

Operating expenses excluding special items in 1995 increased at a lower rate than revenues. Cost control efforts among production and staff served to reduce variable and administrative costs as a percentage of sales. The \$35.3 million increase in operating expenses was directly related to the significant increase in revenues. Labor expenses increased \$19.4 million, while telephone, information systems and systems design increases comprised most of the remaining expense increase.

In 1995, special charges related to MATRIXX's French operations of approximately \$39 million for the impairment of goodwill were recognized. While the French business continues to be strategically important to Cincinnati Bell's future, it was determined that projected operating results no longer supported the carrying value of the goodwill.

Operating expenses increased in 1994 due to the inclusion of WATS for a full year and from higher costs of providing services associated with increased revenues. Operating expenses excluding special items would have increased only 14% if WATS had been a part of MATRIXX throughout 1993. The increased costs and expenses came primarily from workforce additions and long distance telephone costs.

OTHER

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,	
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93
	(DOLLARS IN MILLIONS)							
Revenues.....	\$116.3	\$103.5	12%	\$136.6	\$129.6	5%	\$124.4	4%
Operating expenses (excluding special items).....	95.3	82.6	15%	107.6	115.4	(7)%	118.3	(2)%
Operating income (excluding special items).....	21.0	20.9	--	29.0	14.2	104%	6.1	133%
Special items.....	--	8.0	--	9.9	2.1	--	--	--
Operating income.....	\$ 21.0	\$ 12.9	63%	\$ 19.1	\$ 12.1	58%	\$ 6.1	98%

First Nine Months of 1996 Compared to First Nine Months of 1995

Revenues increased from growth in directory sales, higher levels of wholesale long distance traffic partially offset by price discounts and an increase in computer sales in the equipment supply business. Operating expenses excluding special items increased from direct printing and production costs, commissions, sales headcount, increased costs of materials and higher corporate costs for several items. In the first quarter of 1995, special charges of \$8.0 million were included at Cincinnati Bell for pension enhancements and associated postretirement health benefits related to employees accepting early retirement incentives.

1995 Compared to 1994 and 1994 Compared to 1993

Higher sales of used telecommunications equipment, commodities scrap and

directory advertising accounted for the 1995 increase in other revenues. Revenues of Cincinnati Bell's long distance business increased \$5 million in 1994 primarily from an increased customer base, higher usage levels, its 800 service and paging and voice mail services.

Operating expenses of the long distance business decreased in 1995 primarily from lower telecommunications network costs and a reduction in Ohio personal property taxes. Operating expenses of the supply business decreased in 1995 as a result of a lower level of provisions for inventory losses than in 1994.

The decrease in operating expenses in 1994 was caused primarily by a decrease in directory expenses and the effect in 1993 of a \$3 million provision for inventory loss in the equipment supply business. Partially offsetting the decreases were increases in costs associated with the growth in the long distance business.

Special items of \$9.9 million recorded in 1995 were primarily for pension enhancements and associated postretirement health benefits related to employees accepting the early retirement incentives and other restructuring costs.

OTHER INCOME (EXPENSE), NET

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,	
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93
Other income (expense), net.....	\$ 9.4	\$.7	--	\$(13.5)	\$ 1.7	--	\$ 9.4	(82)%

(DOLLARS IN MILLIONS)

First Nine Months of 1996 Compared to First Nine Months of 1995

The increase in other income (expense), net is principally the result of increased earnings from Cincinnati Bell's investment in a cellular partnership and lower contributions to Cincinnati Bell's charitable foundation. The increase was partially offset by a decrease in interest income on temporary cash investments.

1995 Compared to 1994 and 1994 Compared to 1993

Other income (expense), net decreased in 1995 as a result of certain non-recurring transactions. The 1995 results include a charge of \$13.3 million resulting from the termination by Cincinnati Bell of an interest rate and currency swap agreement in December 1995. Also included is a \$5 million charge to reduce to market value certain real estate held for sale. Partially offsetting the increased costs was \$5.4 million of additional interest income primarily from temporary cash investments. Income from joint ventures in 1995 increased \$5.6 million over 1994 amounts net of litigation fees. Other increases in 1995 expenses were the result of a higher level of charitable foundation contributions and costs of special projects.

1993 results include a \$9.8 million gain from the sale of CBT's residential equipment leasing and PhoneCenter stores partially offset by a \$4.2 million loss

on an investment in an international distributor of CBIS products and services.

INTEREST EXPENSE

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93	
Interest expense.....	\$25.1	\$39.8	(37)%	\$52.8	\$49.5	7%	\$ 45.8	8%	

(DOLLARS IN MILLIONS)

First Nine Months of 1996 Compared to First Nine Months of 1995

The retirement of high cost long-term debt (including an interest rate and currency swap) at Cincinnati Bell in late 1995 and CBT in early 1996 resulted in a reduction of \$13.5 million in interest expense for the first nine months of 1996 compared with the same period in 1995. Additionally, CBT reversed \$2.5 million of interest expense related to overearnings liabilities in the third quarter of 1996. The weighted average interest rate for debt decreased from 8.5% at September 30, 1995 (including the swap agreement) to 7.0% at September 30, 1996. Average debt outstanding decreased from \$600.5 million to \$510.2 million during the same time period.

1995 Compared to 1994 and 1994 Compared to 1993

A combination of higher interest rates on short-term borrowings, additional amounts accrued subject to refund under FCC orders and higher interest costs under the swap agreement were the principal causes of the \$3.3 million increase in interest expense in 1995. Cincinnati Bell's average debt outstanding decreased marginally to \$599 million in 1995 from \$601 million in 1994. The weighted average interest rate increased to 8.5% in 1995 from 8.2% in 1994. Without Cincinnati Bell's swap agreement, the weighted average interest rates would have been 7.7% and 7.4% in 1995 and 1994, respectively. As part of a debt restructuring in 1995, Cincinnati Bell retired \$75 million of 9.1% notes due in 2000 and terminated the swap agreement. Also, CBT called \$40 million of 7.30% notes due in 1996 and \$40 million of 8 5/8% notes due in 1999. The called notes were redeemed at par in January 1996.

Interest expense increased \$3.7 million in 1994 compared to 1993 primarily from long-term refinancing of short-term debt to reduce exposure to short-term interest rate increases.

INCOME TAXES

	NINE MONTHS ENDED SEPTEMBER 30,			YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	1996	1995	% CHANGE 96 VS 95	1995	1994	% CHANGE 95 VS 94	1993	% CHANGE 94 VS 93	
Income taxes.....	\$72.9	\$ (2.3)	--	\$5.7	\$42.1	(86)%	\$1.7	--	

(DOLLARS IN MILLIONS)

First Nine Months of 1996 Compared to First Nine Months of 1995

Higher income before taxes was the principal reason for the increase in income tax expense. Cincinnati Bell's effective tax rate for the first nine months of 1996 was 35.3%, compared to 37.0% for the same period last year. The effective tax rate, excluding 1995 special items, would have been 36.3% for the first nine months of 1995. A reduction in state income taxes was the principal reason for the decrease in the effective tax rate from 1995 to 1996.

1995 Compared to 1994 and 1994 Compared to 1993

Cincinnati Bell's effective tax rate for 1995 was 29.3% compared to 35.7% in 1994 and 3.1% in 1993. The 1995 effective tax rate without special items was 35.6%.

Lower pre-tax income was the principal reason for the decrease in income taxes in 1995. The writedown of goodwill in MATRIXX's French subsidiary resulted in losses of \$39 million which did not create income tax benefits. Higher income before taxes was the principal reason for the increase in income taxes in 1994.

The 1993 decrease in income taxes was principally the result of lower income before taxes. The decision to sell CBIS Federal Inc. resulted in losses which did not create income tax benefits (e.g., unrecovered goodwill).

FINANCIAL CONDITION

Capital Investment, Resources and Liquidity

Management believes that Cincinnati Bell has adequate internal and external resources available to finance its on-going operating requirements, including network expansion and modernization, business development and dividend programs. Cincinnati Bell maintains adequate lines of credit with several institutions to provide borrowings as needed for general corporate purposes.

Cash provided by operating activities, which is Cincinnati Bell's primary source of liquidity, was \$161.6 million for the first nine months of 1996 and was used primarily to pay for capital expenditures, including acquisitions, and dividends.

Cincinnati Bell's most significant investing activity for the first nine months of 1996 continued to be capital expenditures. Capital expenditures were \$112.7 million, up \$31.5 million from the first nine months of

1995. Most of the increase was for a new data center in Orlando, Florida for CBIS and for expansion of facilities to accommodate new business at MATRIXX. Cincinnati Bell continuously evaluates requirements for additional updating of facilities based on customer and market demands, and engineering economics. Due to stronger-than-expected growth in all its businesses, Cincinnati Bell has increased its estimate of 1996 capital expenditures and anticipates spending approximately \$160 million with \$100 million of that total expected for CBT.

Other investing activities in the first nine months of 1996 included payments for acquisitions in late 1995 and in 1996. Offsetting the acquisition payments was cash received for the disposition of certain real estate. The primary cause of the increase in Common Shares issued during the first nine months of 1996 was the exercise of 577,000 stock options by Cincinnati Bell employees.

Receivables increased \$35.5 million from December 31, 1995 primarily as a result of increased sales. Investments in unconsolidated entities increased \$9.9 million principally as a result of the increase in Cincinnati Bell's cellular partnership investment which is accounted for using the equity method. Accounts payable and accrued liabilities decreased \$36.2 million primarily due to the payment of acquisition costs for a fourth quarter 1995 acquisition, reductions in overearnings liabilities at CBT from payments and adjustments, and funding for Cincinnati Bell's charitable foundation. The balance of accrued taxes decreased \$9.1 million primarily due to property tax payments. Long-term liabilities decreased as a result of the \$16.5 million in settlement gains that reduced Cincinnati Bell's pension liabilities.

Cash provided by operating activities in 1995 was \$196.1 million. Other sources of cash in 1995 resulted from the final note payment for the sale of CBT's PhoneCenter stores and related leasing business and the issuance of shares under Cincinnati Bell's employee benefit plans. Cash generated internally allowed Cincinnati Bell to fund all of its capital expenditures, pay dividends, make \$31.4 million of acquisitions, and reduce net debt (short-term and long-term debt less cash and equivalents) from \$519 to \$510 million. This figure includes \$49.9 million of cash required to terminate the swap agreement and \$11.0 million for costs of early retirement of debt.

Cincinnati Bell's most significant investing activity in 1995 continued to be capital expenditures which were \$115.3 million, down from \$146.7 million in 1994. The majority of Cincinnati Bell's capital expenditures in 1995 (\$90.3 million) were at CBT, and were used primarily for digital equipment, fiber-optic cable and other telephone plant and equipment. Capital expenditures at CBIS and MATRIXX were \$11.1 and \$13.8 million, respectively.

Acquisitions were another significant use of cash in 1995. The acquisitions of ISD and X International by CBIS, along with final payments for the 1993 WATS acquisition by MATRIXX, totaled \$31.4 million.

During 1996 and 1995, Cincinnati Bell used a portion of its operating cash flows to restructure its debt by retiring long-term debt, reducing short-term debt and terminating its swap agreement. The debt to capitalization ratio was 46.9% at September 30, 1996, compared with 51.8% and 51.9% at December 31, 1995 and 1994, respectively.

In their published ratings, Duff & Phelps, Moody's Investors Service and Standard & Poor's rated Cincinnati Bell's senior unsecured debt at A-, A3 and A- and its commercial paper D-1-, P-2 and A-2, respectively. The published ratings by such agencies of CBT's senior unsecured debt are AA-, Aa3 and AA-, respectively. Duff & Phelps has stated that Cincinnati Bell's long-term and commercial paper ratings and CBT's long-term rating are under review for possible upgrade due to strengthened financial condition. These ratings are not a recommendation to purchase, hold or sell any Common Shares or DECS, and such ratings do not comment as to the marketability of the Common Shares or the DECS, any market price or the suitability of any such investment for a particular investor. There is no assurance that any rating will not be lowered or withdrawn entirely by a rating agency.

Other Information

New three-year contracts between CBT and the Communications Workers of America (the "CWA") and CBIS and the CWA were approved in the second and third quarters of 1996. The contracts include pay

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increases of 10.5% over the three-year period 1996-1999 with bonus incentives based on service and/or financial performance. The contracts also address job security and benefit issues, while providing additional flexibility in the pension plan for hourly employees.

Recently Issued Accounting Standards

Cincinnati Bell has adopted Statement of Financial Accounting Standards (SFAS) 123 "Accounting for Stock-Based Compensation," which became effective for 1996. SFAS 123 requires either the recognition or the pro forma disclosure of compensation expense for stock options and other equity instruments determined by a fair value method of accounting. Cincinnati Bell intends to disclose pro forma net income and earnings per share in the 1996 Annual Report, which will have no effect on its consolidated financial statements.

REGULATORY MATTERS

Telecommunications Competition

Regulatory agencies on the state and federal levels are accelerating initiatives to increase competition in the telecommunications industry. At the federal level, Congress passed the Telecommunications Act of 1996 in February 1996, which mandates the development of competitive markets. The full impact for CBT will not be known until the FCC and state authorities complete the numerous rulemakings mandated by the Act. See "Risk Factors -- Regulatory and Competitive Trends."

At the state level, the PUCO issued its local exchange competition decision and guidelines in June 1996, which certify competing carriers and establish certain rules that must be complied with by LECs. In July 1996, CBT and other interveners requested that the PUCO reconsider certain parts of the guidelines. On November 7, 1996, in response to the request for rehearing, the PUCO reissued the rules for local competition in Ohio. CBT is currently analyzing the impact of these rules. Cincinnati Bell believes that CBT will face increased competition under these rules which may have a material adverse effect on its operating results. On July 18, 1996, CBT filed an amendment to its alternative regulation plan with the PUCO. The proposed amendments, if approved, would make CBT's telecommunications network available to would-be competitors for local telephone service. The amendments also would provide CBT with greater pricing and marketing flexibility. In conjunction with these proposed amendments, CBT proposed to reduce its rates to customers by approximately \$2.7 million annually. On September 5, 1996, the PUCO issued an order stating that CBT's July 18, 1996 filing would be processed as a new plan, rather than as an amendment. Since the PUCO decided to process the filing as a new plan and because of various regulatory developments, on November 5, 1996, CBT notified the PUCO that it would be filing a revised plan in the near future.

On September 26, 1996, the PSCK issued its rules for local competition in Kentucky. A major portion of the rules outlines the PSCK's perspective regarding universal service and the development of a universal service fund intended to keep residential rates within the state affordable. The rules established a workshop process to review universal service funding. The rules also established an interim resale discount of 17% for most LECs including CBT pending the

submission of company-specific cost studies supporting a smaller discount. The PSCK did not, however, adopt detailed rules for interconnection. CBT is reviewing the rules to determine their impact, but the adopted rules are likely to lead to increased competition for CBT in Kentucky and may have an adverse effect on its operating results.

In preparation for potential competition, CBT is redesigning and streamlining its processes and work activities to improve responsiveness to customer needs, permit more rapid introduction of new products and services, improve the quality of products and services and reduce costs. Telephone plant and network are being upgraded as business judgment dictates. The actions of regulatory agencies may make it more difficult for CBT to maintain current revenue and profit objectives.

Alternative Regulation

CBT requested a threshold increase in rates in an alternative regulation proposal filed with the PUCO in 1993. Thereafter, CBT and the intervenors signed a settlement agreement which was approved by the

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PUCO on May 5, 1994, increasing revenue by \$11.9 million annually. The alternative regulation commitments and new rates became effective May 6, 1994. CBT's authorized rate of return on capital is 11.18%, but CBT can earn up to 11.93% in a monitoring period without any re-targeting of rates. Earnings higher than 11.93% will trigger a formula which allows for certain rates to be changed in the following monitoring period.

Optional Incentive Regulation

CBT began to operate under an optional incentive regulation plan for interstate services in January 1994. Every two years CBT compares actual return with the authorized rate of return, currently 11.25%. Rate changes and new services can be made on a 14-day notice without cost support if CBT sets rates no higher than a geographically adjacent LEC that operates under price cap regulation. This allows CBT to be more responsive to customers and the market.

Kentucky Filing

In May 1995, the PSCK approved new regulated rates for CBT customers in Kentucky. The order maintained uniform rates for basic services in CBT's Kentucky and Ohio metropolitan service areas. The result was essentially revenue neutral, as local service increases are offset by carrier common line and other rate adjustments. CBT filed for a rehearing of certain issues of the rate order. The PSCK granted a rehearing in February 1996 on the issue of reregulation for inside wire revenues only. The rest of the issues were denied. In June 1996, the PSCK determined that inside wire maintenance revenues should remain nonregulated in the state of Kentucky, upholding CBT's current treatment.

Depreciation Rate Changes

The FCC is required by the Communications Act of 1934 to prescribe the depreciation rates used to compute depreciation expense for communications common carriers. It is the FCC's practice to review and revise CBT's depreciation rates and amortizations once every three years, in conjunction with the PUCO and the PSCK.

In January 1994, CBT completed a triennial depreciation represcription with regulators from the FCC, the PUCO and the PSCK. The new depreciation rates were effective January 1, 1994, in the interstate and Kentucky jurisdictions, and effective July 1, 1994, in the Ohio jurisdiction. Depreciation rate changes are up for discussion again in 1997. It is possible that depreciation rates and depreciation expense will increase as a result of these discussions.

Effects of Regulatory Accounting

CBT presently gives accounting recognition to the actions of regulators where appropriate as prescribed by SFAS 71, "Accounting for the Effects of Certain Types of Regulation." Criteria that would give rise to the discontinuance of SFAS 71 include (1) increasing competition that restricts CBT's ability to establish prices to recover specific costs, and (2) a significant change in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. CBT believes that its current rate-of-return regulatory plan, under which rates are established that provide for the recovery of the carrying value of its assets, and the absence of any significant current competition in its territory support the continued application of SFAS 71. Uncertainties regarding the future competitive environment and the ultimate form and impact of recently enacted and expected legislative and regulatory initiatives on future revenues will require CBT to review these criteria periodically to evaluate whether continuing application of SFAS 71 is appropriate.

In the event CBT determines that it no longer meets the criteria for following SFAS 71, the accounting impact to CBT could be an extraordinary non-cash charge of an amount that would be material. This would include the elimination of regulatory assets or liabilities and adjusting the carrying amount of telephone plant to the extent it is determined such amounts could be considered overstated as a result of the regulatory process and are not recoverable in future revenues. Asset lives used for future depreciation expense would likely be shorter than those approved by regulators. CBT estimates that if it were to discontinue SFAS 71 any pre-tax charge could be up to \$300 million depending on management's assessment of the competitive environment at

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the time. Based on its assessment of CBT's current competitive and regulatory environment, Cincinnati Bell believes that the application of SFAS 71 remains appropriate.

BUSINESS OUTLOOK

Cincinnati Bell operates businesses in several different markets under the telecommunications umbrella. All of these markets are becoming more competitive as regulatory barriers recede and the pace of technological change quickens. This quickening pace may increase the variability of Cincinnati Bell's financial results on a period-to-period basis. See "Risk Factors -- Regulatory and Competitive Trends" and "-- Rapidly Changing Technology." Cincinnati Bell is the market leader in its three principal businesses -- local telephony in the Greater Cincinnati area, information systems to the telecommunications market and telephone marketing services.

CBT is introducing new services and features to meet the challenges of regulatory actions, competition and the changing market. CBT and AT&T are discussing whether to revise portions of their agreement concerning the joint provision of certain telecommunications services. Revenues subject to discussion represent approximately \$36 million or 6% of CBT's 1995 revenues, but portions of the contract provide above average profit contribution. The outcome cannot be predicted at this time, but could result in a material adverse impact on CBT's earnings.

In 1996, CBIS announced several new contracts and contract extensions. Two new contracts were for long-term billing and customer care agreements with prominent PCS companies in the United States. A third new contract was for development and data processing services for AT&T's re-entry into the local telephone market. An extension of an existing contract was signed in October

1996 with AT&T Wireless Services, Inc. ("AT&T Wireless") and CMT Partners (a partnership between subsidiaries of AT&T Wireless and AirTouch Communications, Inc. ("AirTouch")) for billing and billing related services as to those parties through 2001 with a provision for further extension for an additional two years. In 1996, CBIS also signed contract extensions with Comcast Cellular Corporation ("Comcast Cellular") and with 360 degrees Communications Company ("360 degrees Communications"). CBIS's contract with Comcast Cellular was extended to 2003 and its contract with 360 degrees Communications was extended to 2006. In all three contracts, CBIS will provide customer care and billing services on a service bureau basis. The ultimate value and profitability of these contracts hinge on several factors. First is CBIS's ability to provide cost effective solutions; second is CBIS's ability to maintain and grow the systems as their clients increase their penetration of their markets; third is the market success of CBIS's PCS customers. During all of these activities, CBIS must also continue to satisfy the current needs of its clients with continued service and value. As previously reported in Cincinnati Bell's 1995 Annual Report, one of CBIS's clients, representing approximately 5% of CBIS's 1995 revenues, indicated that it may transition to another provider of billing services during 1997.

In addition to the contracts discussed above, CBIS announced a joint marketing relationship with a company that renders solutions to combat cellular telephone fraud and churn.

The continued trend in the outsourcing of telephone marketing services by major companies is fueling MATRIXX's continued growth. MATRIXX has executed several new long-term agreements with key customers in the past year and continues to expand its facilities for anticipated new business. On November 8, 1996, MATRIXX announced its intention to acquire Software Support, Inc., a provider of technical assistance over the telephone to users of computer hardware and software. The parties are currently negotiating the final terms of the acquisition, but have not entered into any binding agreement as of the date of this Prospectus.

Cincinnati Bell's other businesses also face competition from businesses offering similar products and services. These businesses are meeting their competition by addressing the needs of their customers, and offering superior value, quality and service.

Cincinnati Bell utilizes software and related technologies throughout its businesses that will be affected by the date change in the year 2000. An internal study is currently under way to determine the full scope and related costs to insure that Cincinnati Bell's systems continue to meet its internal needs and those of its customers. Cincinnati Bell could begin to incur significant expenses in 1997 to resolve this issue and such expenses may continue through the year 2000.

Cincinnati Bell continues to review opportunities for acquisitions and divestitures for all its businesses to enhance shareowner value.

BUSINESS

GENERAL

Cincinnati Bell is a major U.S. diversified telecommunications company with principal businesses in three industry segments. The telephone operations segment, Cincinnati Bell Telephone Company, provides telecommunications services and products, which include local service, network access and toll telephone

services in the Greater Cincinnati area. The information systems segment, Cincinnati Bell Information Systems Inc., provides data processing and software development services primarily to the U.S. telecommunications industry. The telephone marketing services segment, MATRIX Marketing Inc., provides telephone marketing, research, fulfillment, database management, interactive voice response and Internet services primarily to large corporations such as AT&T and DIRECTV(R). Cincinnati Bell's other businesses include: Cincinnati Bell Long Distance Inc. ("CBLD"), which provides resale long distance telecommunications services and products as well as voice mail and paging services; Cincinnati Bell Directory Inc. ("CBD"), which provides Yellow Pages and other directory products and services, as well as information and advertising services; and companies having interests in cellular mobile telephone service and the purchase, sale and reconditioning of telecommunications and computer equipment.

STRATEGY

The three principal businesses and other interests of Cincinnati Bell are the products of a focused strategy first initiated in 1983 to expand from a local exchange telecommunications company into a broader, more diversified company providing value-added customer care services in high growth and converging communications markets. By leveraging the combined knowledge, capabilities and experience of its principal subsidiaries, Cincinnati Bell seeks to take advantage of the opportunities arising from the growing communications market and the growing trend of outsourcing information and telephone marketing services. Cincinnati Bell's ability to provide unique insight into the customer care requirements of outsourcing clients of both CBIS and MATRIX is enhanced by the knowledge and expertise developed by serving CBT, a full service telecommunications provider.

In addition to the growth opportunities and synergies created by working together, each business -- CBT, CBIS and MATRIX -- has growth strategies in its respective markets. CBT's strategy is to leverage off its well regarded brand name, excellent service record and tradition of quality to be a full service provider of bundled communications, information and entertainment services. CBIS's strategy is to utilize the scale of its data processing operations and its extensive industry knowledge and experience to be the leading provider of customer care and billing services and network provisioning and management systems to the communications industry. MATRIX's strategy is to focus on developing long-term strategic outsourcing relationships for telephone marketing support of large clients in the telecommunications, technology, financial services, consumer products and direct response industries.

CINCINNATI BELL TELEPHONE COMPANY

General

CBT was founded as The City and Suburban Telegraph Association in 1873, three years before the invention of the telephone. In 1878, CBT became the first telephonic exchange in Ohio and the tenth in the nation.

CBT is the 14th largest local service telecommunications company in the United States, based on its network access lines in service at the end of 1995. In 1995, CBT provided 44% of Cincinnati Bell's revenue and 52% of its operating income excluding special items, compared to 50% and 85%, respectively, in 1993.

CBT provides telecommunications services and products, mainly local service, network access and toll telephone services, to business and residential customers in most of the Greater Cincinnati area, including parts of southwestern Ohio, six counties in northern Kentucky and parts of two counties in southeastern Indiana. Approximately 98% of CBT's network access lines are in one local calling area. The Cincinnati Bell

Telephone brand name is well known among CBT's customers and serves as a foundation for Cincinnati Bell to bundle a broad and increasing range of

communications-related products and services.

CBT's service record is among the best in the industry. Its high service quality is affirmed by its excellence in network reliability. Based on reports to the FCC, CBT maintains one of the lowest levels of customer reported service outages among large U.S. telecommunications companies in the nation. For example, in 1995 CBT averaged only 1.1 trouble reports per 100 customer lines per month, compared to reported rates at RBOCs ranging from 1.3 to 2.7 during the same period. In the face of increased access line growth and orders for additional lines, CBT maintains an excellent record for the installation appointments it keeps, and for the percentage of new service orders it completes within five days of a request.

Since the beginning of 1990, CBT has invested more than \$650 million to upgrade and modernize its plant and equipment with the most modern technology available. Of its network access lines, 89% are served by digital switches, 93% have ISDN capability and 98% have Signaling System 7 capability, which supports enhanced features such as Caller ID, Call Trace and Call Return.

With the benefit of advanced technology, CBT has been able to serve a growing market with fewer employees. During the first quarter of 1995, CBT implemented initiatives aimed at improving service to its customers and reducing costs, resulting in a \$124 million special charge for restructuring. During 1995, the number of CBT employees declined by over 18% to 2,700 at year-end. CBT has been able to achieve cost reductions and productivity improvements through elimination of duplicative services and procedures and consolidation of administrative functions. This has resulted in an increase in the number of access lines per employee from 249 on December 31, 1993 to 323 on September 30, 1996.

On October 22, 1996, Cincinnati Bell announced that David S. Gergacz, President and Chief Executive Officer of CBT and an Executive Vice President of Cincinnati Bell, resigned from these positions. Until a successor is named, CBT management will report to James F. Orr, Chief Operating Officer of Cincinnati Bell.

Business

On September 30, 1996, CBT had approximately 936,000 network access lines in service, an increase of 4% or approximately 36,000 lines from September 30, 1995. During 1995, CBT added approximately 29,000 new lines, representing an annual increase of 3%. Approximately 70% of CBT's network access lines serve residential customers and 30% serve business customers. The growth in additional access lines to existing residential customers has been particularly strong at CBT over the last several years as customers add lines for home offices, on-line services and increased household telephone usage. In 1995, such additional residential lines accounted for over 50% of the total residential lines added during the year. As of September 30, 1996, CBT had installed additional residential access lines to approximately 8% of its existing residential customers. CBT expects continued strong growth in additional residential lines.

Approximately 89% of CBT's network access lines are served by digital switches that facilitate the transmission of voice, video and data content across CBT's network. The network also includes more than 1,200 miles of fiber-optic cable, including seven 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.

Other communications services offered by CBT include voice, data and video transmission, custom calling services and billing services. In addition, CBT is a sales agent for certain products and services of AT&T and sells products of

other companies as a full-service provider of communications products and services to business customers. In September 1996, CBT began selling and installing direct broadcast satellite ("DBS") services and equipment in its Cincinnati market under an agreement with DIRECTV(R), United States Satellite Broadcasting Co. and certain DBS equipment vendors. In March 1996, CBT became one of the first local exchange telephone companies in the nation to introduce an Internet access service for its residential and small business customers. CBT also has introduced high-capacity local area network interconnection services and ISDN services. These new services demonstrate CBT's ability to innovate and adapt to emerging trends in telecommunications.

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Local services generated approximately 56% of CBT's revenues in 1995 while the increasingly competitive network access and toll services generated only 28% of CBT's 1995 revenues. This represents a smaller percentage of total revenues than that received by most of the nation's largest local exchange telephone companies. The remainder of CBT's revenues come from other communications services, including commissioned sales, maintenance and repair services as well as billing services.

Market

CBT serves a 2,400 square-mile market encompassing most of the Greater Cincinnati area, which had a total population of approximately 1.5 million in 1990, including 656,000 households. Its regional economy is strong and diverse, including six locally headquartered Fortune 500 companies.

Several companies compete or are planning to compete with CBT through the provision of intraLATA long-distance services, enhanced calling services such as voice messaging, customer premises maintenance and repair services, wireless communications services, special access services, public telephone services and business communications equipment sales and maintenance services. See "Competition."

Opportunities

CBT plans to develop new products and services and market them in ways that leverage its well regarded brand name, large installed customer base, reputation for service quality, communications industry knowledge and experience and extensive knowledge of its customers' preferences. CBT also will pursue co-branding opportunities and alliances with other service providers where appropriate.

CBT will seek to increase its penetration of additional residential lines within its service area. In addition, CBT has an opportunity to increase the market penetration rate of higher margin enhanced services such as Caller ID, Call Return, Call Block and 3-Way Calling.

Under Cincinnati Bell's strategy of pursuing opportunities for growth by leveraging the strengths of all of its businesses, and under CBT's own strategy to be a full service provider of communications services, Cincinnati Bell has unique strengths that could be effective in marketing a broad array of communications services outside of CBT's existing service territory. Cincinnati Bell is exploring such opportunities, both on its own or in partnership with other communications services companies.

Regulation

CBT's local exchange, network access and toll telephone operations are regulated by the PUCO, the PSCK and the FCC with respect to rates, services and other matters.

Recently enacted and future legislative and regulatory initiatives will have an impact on CBT and other incumbent LECs, including the RBOCs and other independent telephone companies. The extent of that impact will not be known

until the initiatives are fully implemented. The basic thrust of these initiatives is to encourage and accelerate the development of competition in the telecommunications industry by removing legal barriers to competition across major segments of that industry. Under the initiatives, companies that today are limited to one or more of those segments, including local exchange, long distance, wireless, cable television and information services, could enter the other segments to compete with the incumbent providers and other new entrants.

Today's technology makes it possible to interconnect facilities of competing telecommunications carriers and to provide the service offerings of multiple competitors through the network facilities of one or more incumbents. At the federal level, the Act passed in February 1996 requires incumbent LECs like CBT to interconnect with the networks of other service providers, unbundle certain network elements and make them available to competing providers at wholesale rates. Additionally, the Act requires the removal of other perceived barriers to competitive entry by alternative providers of local exchange services. Although the Act clearly states these mandates, it does so in general terms and leaves the implementation of these mandates to the FCC and the state regulatory agencies.

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On August 8, 1996, the FCC issued an order establishing regulations to implement the "local competition" provisions of the Act. These regulations essentially establish parameters under which a LEC must allow other telecommunications carriers to interconnect with its network, including the compensation that a LEC would receive for terminating calls originating from the networks of the other carriers. The FCC's regulations also establish parameters under which LECs must unbundle network elements and offer them to other telecommunications carriers. The prices for interconnection and unbundled elements either are to be negotiated between the parties (and approved by the relevant state commission) or, if the parties fail to reach an agreement, the rates are to be set by the relevant state commission based on guidelines established by the Act and implemented by the FCC. Under the Act, these rates must be based on the cost of providing the interconnection or unbundled elements, be nondiscriminatory and include a reasonable profit. The FCC has determined that the prices for these unbundled elements and interconnection are to be based on a methodology governed by forward-looking, long-run incremental costs. The Act also requires LECs to offer to other telecommunications carriers, at wholesale rates, any retail telecommunications service offered by the LEC to end-users. The FCC has determined that the wholesale rates are to be based on the LEC's retail rates, less the costs avoided by the LEC in offering its services for resale.

CBT and several other LECs believe the FCC's regulations with respect to interconnection, unbundling and resale unlawfully exceed the requirements of the Act. Accordingly, they have sought review of the FCC's order in the United States Court of Appeals. The primary objections raised by CBT and the other LECs are that the pricing rules and standards for interconnection, unbundling and resale, and the rules allowing interconnecting carriers to "pick and choose" from various unbundled elements and services, along with their prices, being provided by LECs pursuant to pre-approved contracts with other carriers, will not provide the LECs with adequate compensation. On October 15, 1996, the United States Court of Appeals for the Eighth Circuit stayed the effectiveness of the portions of the FCC order establishing the pricing standards and the "pick and choose" rules. A petition to vacate the Eighth Circuit's stay of these rules is pending before the United States Supreme Court, but one Justice on the Supreme Court has already denied a petition to lift the stay. As a result of the stay, these rules are suspended, pending a final decision on the merits of the petition for review of these rules. The appeal is scheduled for argument the week of January 13, 1997. The FCC regulations requiring LECs to negotiate with new entrants, unbundle and resell still exist; however, pending a decision on the appeal, pricing will be determined by private negotiations as approved by state regulatory authorities or by state arbitrations.

If the FCC's order were implemented as written, and if CBT were unable to obtain waivers to certain requirements or to replace its lost revenues, Cincinnati Bell believes that the result would have a material adverse impact on its revenues and earnings. The material impact would result from the elimination of certain revenues designed to subsidize residential telephone service and increased costs to develop or modify systems to allow number portability and interconnection. CBT also believes that implementation of the FCC order would significantly enhance the position of its competitors, which would have an additional adverse impact on CBT's revenues and earnings from operations within its territory.

The outcome of three separate, but related, FCC proceedings could be significant for CBT. In the first of these proceedings, the FCC will be implementing a universal service funding mechanism which is currently being developed by a joint board made up of state and federal regulators. In the second of these proceedings, the FCC will be reforming the current access charge regime, which could result in an additional reduction in revenues. In the third, the FCC will be implementing regulations that may require certain LECs to share their infrastructure, technology, information and facilities with certain smaller telecommunications service providers.

At the state level, the PUCO recently adopted a set of local service guidelines that largely mirror the requirements of the Act and the FCC regulations discussed above. In addition, the PUCO has issued orders granting Time Warner Communications of Ohio, L.P. and Communications Buying Group, Inc. certificates of public convenience and necessity to provide local exchange service in CBT's operating territory. Other entities have been granted certificates to provide basic local exchange service in Ohio, although not in CBT's operating territory. On November 7, 1996, in response to the request of CBT and others for rehearing, the PUCO reissued the guidelines for local competition in Ohio. CBT is currently analyzing the impact of these

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guidelines. Cincinnati Bell believes that CBT will face increased competition under these guidelines which may have a material adverse effect on its operating results. To date, six competitors have requested interconnection with CBT's network.

On September 26, 1996, the PSCK issued its rules for local competition in Kentucky. A major portion of the rules outlines the PSCK's perspective regarding universal service and the development of a universal service fund intended to keep residential rates within the state affordable. The rules established a workshop process to review universal service funding. The rules also established an interim resale discount of 17% for most LECs including CBT pending the submission of company-specific cost studies supporting a smaller discount. The PSCK did not, however, adopt detailed rules for interconnection. CBT is reviewing the rules to determine their impact, but the adopted rules are likely to lead to increased competition for CBT in Kentucky and may have an adverse effect on its operating results.

The impact of the proposed regulatory changes may be mitigated through modification of the final rules, waivers of the rules and price increases in other regulated services (e.g., local rates).

CINCINNATI BELL INFORMATION SYSTEMS INC.

General

CBIS was formed in 1983 to leverage Cincinnati Bell's knowledge and expertise in data processing and billing for the telecommunications industry. CBIS provides data processing services and software systems that generate billing information and manage customer information for communications services businesses. CBIS's customers are large corporations in the U.S. telecommunications industry. CBIS accounted for approximately 27% of the Cincinnati Bell's 1995 consolidated revenues and 21% of total operating income excluding special items. During the first nine months of 1996, CBIS's revenue and operating income excluding special items increased 26% and 68%, respectively, compared to the first nine months of 1995.

CBIS is the leading provider of billing and customer care services to the wireless telecommunications market in North America, which includes the cellular as well as the PCS industry. The cellular industry has been growing in excess of 30% per year in terms of revenues and subscribers. CBIS has been the market leader of billing systems to the cellular industry for more than ten years and serves many of the top cellular carriers. CBIS's systems generate bills for cellular telephone customers in 23 of the 25 largest U.S. metropolitan areas. CBIS's service bureaus generated the billing information for monthly customer statements for approximately 30% of U.S. cellular subscribers in 1995. CBIS's revenue from cellular clients increased from \$144 million in 1993 to \$198 million in 1994 and to \$257 million in 1995.

CBIS also provides billing and customer care services to companies that operate traditional wireline telecommunications networks, including CBT. It develops network management systems for communications companies and customer care and billing systems for cable television systems operators in the U.S. and Europe. CBIS's systems also support the provision of telephone services by cable television system operators in the U.S. and in Europe. CBIS recently began to offer service bureau billing services to the cable television industry.

In September 1996, CBIS acquired ICS, an international provider of wireline customer care and billing solutions, from WorldCom, Inc. In December 1995, CBIS acquired IDS, a developer of advanced billing systems for the cable television industry. In March 1995, CBIS acquired X International, an established information technology company located in Bristol, England, that provides customer care and billing software for a wide range of telecommunications companies utilizing the Global System for Mobile Communications ("GSM") standard.

CBIS's headquarters are in Cincinnati, Ohio. It has major operations in Ohio, Florida, Illinois, Georgia and Virginia. It also has operations in the United Kingdom, Switzerland and The Netherlands.

Business

CBIS serves clients principally by processing data and creating bills using proprietary software. CBIS provides and manages billing systems in a service bureau environment where its extensive experience results in significant cost and service advantages to clients. These advantages include freeing the client to concentrate on

core competencies, predictable costs, information management expertise and access to advanced technology without capital expense.

CBIS's data processing services are carried out in its data centers in Cincinnati and Orlando. It uses information from communications service providers to calculate and generate bills for the usage of communications services, generally on a monthly cycle. CBIS strives to provide state-of-the-art systems and facilities that provide reliability and responsiveness. CBIS's

systems select the correct plan for each customer from the thousands of pricing plans provided by its clients. These systems generate billing information for more than 12 million bills per month, including approximately 700,000 bills generated for CBT, based on each customer's billing preferences. CBIS's computers process over 140 million transactions, including transactions for CBT, per month. CBIS's revenue from this business is determined in large part by the number of bills it produces and the number of accounts it manages.

In the wireless industry, pricing plans are complex and change frequently. Customers of CBIS's clients frequently change service plans and service providers. Additionally companies in the wireless industry are growing rapidly. CBIS's ability to manage this change and growth successfully is an important factor in its success.

CBIS also updates pricing plans and customer records for its clients and makes customer information available to clients on-line, helping these clients better manage their relationships with their telecommunications customers. CBIS typically is compensated at an hourly rate for these and other consulting services.

Most of CBIS's services are provided under contracts for terms of two to ten years, certain of which may be terminated at specified times prior to expiration with prior written notice. CBIS's four largest clients, other than CBT, are AT&T, 360 DEGREES Communications, Ameritech Corporation and Comcast Cellular, which collectively accounted for approximately 70% of CBIS's 1995 revenues. Several multi-year contracts cover essentially all of CBIS's relationships with AT&T businesses, including its contract with AT&T Wireless and CMT Partners for the provision of wireless customer care and billing services through 2001. In 1996, CBIS signed contract extensions with Comcast Cellular and with 360 degrees Communications. CBIS's contract with Comcast Cellular was extended to 2003 and its contract with 360 degrees Communications was extended to 2006. Other CBIS customers include selected cable television systems owned by Time Warner Inc. and Cox Communications, Inc. and the public telecommunications services providers in Switzerland and The Netherlands. Some clients, including all of CBIS's current cable television clients, have purchased CBIS software to operate in their own data centers. CBIS recently introduced service bureau billing as an option for its cable television clients.

CBIS's systems development and support are dependent on its ability to attract and retain its professional staff. There can be no assurance that CBIS's labor costs will not increase in the future.

Markets

An industry study and CBIS's own analysis estimate that the domestic market for billing and customer care services used by the communications industry was greater than \$4 billion in 1995. This figure includes the estimated cost of customer care and billing services used by wireless, wireline and cable television services providers, including services they provide to themselves.

The cellular industry's subscriber base was approximately 34 million at the end of 1995. At the end of 1995, CBIS's data centers generated billing information for more than 10 million monthly customer statements for cellular subscribers. Billing and customer care for cellular and cellular-related telecommunications services in North America accounted for more than 70% of CBIS's 1995 total revenue.

Opportunities

The wireless communications industry also includes a number of emerging services, including PCS, which uses digital technologies to increase the range of features, service quality and operating efficiency of mobile communications services. Increased competition in the communications industry should increase the opportunities for CBIS.

CBIS recently entered into contracts to provide customer care and billing services to three of the largest potential providers of PCS services in the United States based on both issued and projected license awards. In March 1996, PrimeCo Personal Communications L.P. ("PrimeCo"), a wireless partnership among AirTouch,

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Bell Atlantic Corporation, NYNEX Corporation, and U S WEST Media Group, announced that it had chosen CBIS to be its exclusive customer care and billing solutions provider. PrimeCo owns PCS licenses covering approximately 57 million net POPs (potential customers adjusted for equity ownership) and is ranked as the third largest owner of PCS A and B block licenses. In July 1996, CBIS signed an exclusive customer care and billing contract with Sprint Spectrum L.P., a wireless partnership among Sprint Corporation, Tele-Communications, Inc. ("TCI"), Comcast Cellular and Cox Communications, Inc. Sprint Spectrum L.P. owns PCS licenses covering approximately 195 million net POPs and is ranked as the largest owner of PCS A and B block licenses. Additionally, CBIS has an agreement with AT&T to provide customer care and billing services to AT&T for PCS services. AT&T Wireless owns PCS licenses covering approximately 114 million net POPs and is ranked as the second largest owner of PCS A and B block licenses.

These new PCS contract awards coupled with CBIS's existing cellular billing contracts position CBIS to be a leading provider of customer care and billing services to a much broader wireless services industry if its clients are successful in PCS and other wireless services businesses.

In March 1996, CBIS also announced a five-year contract with AT&T to provide billing, data processing and software development and professional consulting services in connection with AT&T's proposed reentry into the local telephone market as either a reseller or a facilities-based provider of local exchange services. AT&T is registering to offer these services in all 50 states of the United States and is negotiating for resale agreements with selected LECs. As with PCS, the benefits to CBIS from this contract will depend in part upon the success of AT&T in meeting its objectives in this new venture.

On September 19, 1996, CBIS signed a three-year contract with a unit of TCI, the largest cable television operator in the U.S. based on total subscribers, to provide customer care and billing services in support of TCI's planned offering of telephone services to its cable television customers. CBIS's data center will provide rating (bill calculation), service order entry and bill finishing services to TCI.

MATRIX MARKETING INC.

General

Based on annual revenues, MATRIX is the largest independent provider of outsourced telephone marketing services. MATRIX provides a full range of customer service, sales support and telephone marketing solutions to major companies in its targeted industries. In 1995, MATRIX accounted for approximately 20% of Cincinnati Bell's consolidated revenue and 14% of total operating income excluding special items. MATRIX recorded revenues of \$271.1 million and operating income excluding special items of \$32.3 million in 1995, representing increases of 20% and 43%, respectively, when compared to 1994. During the first nine months of 1996, MATRIX's revenue and operating income excluding special items increased by 26% and 28%, respectively, when compared to the first nine months of 1995.

MATRIX principally focuses on developing long-term, strategic outsourcing relationships with large clients in the telecommunications, technology, financial services, consumer products and direct response industries. MATRIX focuses on clients in these industries because of the complexity of the service

required, the anticipated growth of their businesses and their continuing need for customer service support. Often, the level of support these companies require and the close relationships they build with MATRIXX lead to higher returns versus short-term client programs. For example, MATRIXX built a team of sales account managers who are the dedicated sales channel to a consumer products company's retail and wholesale accounts. MATRIXX's team manages the company's day-to-day relationships with those accounts. This extension of the company's sales organization allows for more frequent customer contact at a lower cost. The dedicated team also assists the company in its marketing efforts through database management, product movement reports and market trends analysis.

Many MATRIXX employees who respond to inbound customer service calls are dedicated to serving a single client. Employees supporting DIRECTV(R) satellite entertainment services, for example, answer calls to initiate service or to provide information about programming options, billing and technical aspects of the service, including installing customers' own satellite dishes. For other clients, MATRIXX provides help desk support for computer products and services and responds to customer inquiries submitted via the Internet.

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MATRIXX operates 14 domestic and 2 international call centers with approximately 5,900 available workstations and more than 10,000 customer call representatives, including full-time and part-time employees. MATRIXX facilities handled more than 150 million customer calls in 1995.

MATRIXX is headquartered in Cincinnati. It operates domestic call centers in Ohio, Utah, Colorado, Arizona, Wisconsin, Nebraska and Florida and international call centers in Paris, France and Newcastle, England.

Business

MATRIXX provides two categories of telephone marketing services. Traditional services offer large shared capacities for large sales campaigns and major direct response programs. Outsourced dedicated services require dedicated agents to handle a specific company's more complex customer service and sales account management needs. Complementary services to its traditional and outsourced dedicated services are interactive voice response, Internet E-mail response, research, database management and fulfillment. Based on 1995 revenues, approximately 70% of MATRIXX's business involved responding to inbound calls from customers of its clients. MATRIXX considers its industry focus and differentiation of service offerings to be a competitive strength.

Dedicated customer call representative teams and call centers support large telephone marketing services programs for clients. Many of these centers are linked to provide optimal call routing, capacity matching and redundancy in order to best meet the needs of the client. MATRIXX relies on advanced information systems, including proprietary software, and integrated telephone systems to effectively meet client expectations. MATRIXX customer service representatives receive initial training and on-the-job support to develop calling skills and knowledge of clients' products and services. MATRIXX's service offerings are very labor intensive and dependent in part on its ability to minimize personnel turnover. MATRIXX also competes for qualified personnel with other employers in their geographic markets. There can be no assurance that MATRIXX will be able to hire and retain a sufficient number of qualified personnel in a cost-efficient manner to support continued growth.

MATRIXX's client base primarily includes large companies in the telecommunications, technology, financial services, consumer products and direct response industries. MATRIXX's largest customers in 1995 were AT&T, DIRECTV(R) and American Express Company, which collectively accounted for approximately 38% of 1995 revenues.

Market

Telephone marketing services include consumer and business telephone-based customer service and sales programs. Historically, companies maintained such customer care functions in-house because they believed that a direct relationship with the customer was good business policy and because there were few outsourcing alternatives. As the size and complexity of these functions have grown, increasing numbers of companies have chosen to outsource some or all of these activities in order to focus on their core businesses, reduce costs and improve operational efficiency. Telephone marketing services companies such as MATRXXX are able to provide these services in a higher quality, lower cost manner, which in many cases results in a competitive advantage for MATRXXX's clients. In addition, telephone marketing services companies often can provide a client with current, detailed information on its customers and their purchasing decisions.

According to a Strategic Telemedia Study, the U.S. agency market for outsourced telephone marketing services, including automated services, was approximately \$6 billion in 1995. In addition, industry sources suggest that a considerably larger volume of telephone marketing services was managed and operated internally, through dedicated in-house call centers. MATRXXX believes that corporations will outsource an increasingly larger percentage of such telephone marketing services, further fueling the growth of the market for outsourced telephone marketing services.

MATRXXX segments the market for telephone marketing services into traditional and outsourced dedicated programs. Traditional programs involve shared agents who handle shorter campaign-oriented calls. Outsourced dedicated programs involve agents who handle larger and more complex calls for long-term clients

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thereby providing added value. Many programs now include an automated and interactive voice response component in addition to live agents. MATRXXX recently entered the interactive and voice response market through its acquisition of certain assets of Scherers Communications, Inc. in August 1996.

The principal drivers of overall telephone marketing services market growth are expected to be the increasing use of targeted marketing strategies by companies, the effectiveness of programs that involve frequent one-on-one contact as a means of enhancing customer loyalty and the lower cost of sales and marketing over the phone compared to other customer service methods. Additionally, as companies seek to achieve greater strategic focus and operating efficiency, a greater percentage are expected to seek to outsource telephone-based customer care services and sales coverage programs. Cincinnati Bell believes that MATRXXX is well positioned to capture significant amounts of this business, because of their ability to provide the marketing expertise and technological resources required to deal with increasingly complex customer interactions.

Opportunities

MATRXXX believes that there are significant opportunities to grow its business, in light of the growth of telephone marketing services as a communications medium and the trend to outsource customer service and sales coverage programs. Companies now realize that they can improve customer service levels and increase sales while reducing costs. In addition, services developed with other Cincinnati Bell companies are being offered to existing and potential MATRXXX clients. For example, MATRXXX and CBT worked together to develop MATRXXX's help desk support service for CBT's new FUSE(R) Internet access service, a support service MATRXXX is offering to other third-party clients. CBIS is also collaborating with MATRXXX to provide data processing services and enhanced customer management software as well as jointly offering end-to-end value-added solutions for communications providers.

MATRIX believes that its focus and expertise in the telecommunications, technology, financial services, consumer products and direct response industries provide it with a competitive advantage in developing additional relationships in these industries. These industries include many large corporations with large and often complex telephone marketing service needs. In addition, MATRIX believes its scale and expertise in inbound calling provide it with an advantage in winning new business from companies currently relying on in-house telephone marketing service operations.

MATRIX will actively seek out opportunities to expand its product offerings and client base through internal development and strategic acquisitions.

Regulation

Various federal and state legislative initiatives have been enacted to regulate primarily outbound telephone marketing services, especially calls to consumers. Since MATRIX concentrates on inbound service and outbound business-to-business telephone marketing services, MATRIX does not believe that such legislation adversely affects its business presently. However, there can be no assurance that future legislation will not have an expanded scope and restrict MATRIX's ability to conduct its business.

OTHER BUSINESSES

Cincinnati Bell Long Distance resells long distance telecommunications services and products as well as voice mail and paging services principally to residential and business customers in Ohio and several adjoining states. Its principal market focus is small- and medium-sized businesses, particularly businesses with two to twenty business access lines in service. 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's resale activities are conducted pursuant to the regulatory requirements of various state utility commissions. Although no material regulatory developments are pending with respect to such requirements, any such development could have an effect on CBLD's resale activities.

Cincinnati Bell Directory provides Yellow Pages and other directory products and services as well as related information and advertising services. Its principal products are a White Pages directory and nine

Yellow Pages directories. CBD continually evaluates new product offerings in both the print and emerging electronic categories of distribution.

Cincinnati Bell Supply ("Supply") purchases, sells and reconditions telecommunications and computer equipment. Its principal market is the secondary market for used and surplus telecommunications systems, including AT&T-brand systems.

Cincinnati Bell also owns a 45% limited partnership interest in a cellular telephone service business that covers much of central and southwestern Ohio, northern Kentucky and small portions of southeastern Indiana. Cincinnati Bell's proportionate share of this cellular market represents approximately 2.3 million POPs. In 1994, Cincinnati Bell filed suit in Chancery Court in Delaware against the partnership's general partner seeking to dissolve the partnership and reclaim Cincinnati Bell's proportionate share of the partnership's assets. On September 3, 1996, the Court denied Cincinnati Bell's motion for summary judgment and granted the general partner's motion for summary judgment. Cincinnati Bell has appealed the ruling to the Delaware Supreme Court.

COMPETITION

Cincinnati Bell Telephone Company

CBT is currently the sole provider of basic local switched wireline telecommunications services in its market. Competitors include providers of special access services, wireless communications services, enhanced calling services such as voice messaging services and providers of business communications equipment and services.

Evolving technology, the preferences of consumers and policy makers, and the convergence of other industries with the telecommunications industry are causes for increasing competition in the telecommunications industry. 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. That increase expands the means by which CBT's network may be bypassed. Furthermore, recently enacted legislative and regulatory initiatives and additional regulatory developments that are expected in the near future are likely to encourage and accelerate the development of competition in all segments of the telecommunications industry by removing legal barriers to competition across segments of that industry. These initiatives and developments could make it more difficult for CBT to maintain current revenue and profit objectives. See "Risk Factors -- Regulatory and Competitive Trends -- Cincinnati Bell Telephone Company."

In the future, CBT expects to compete with other providers of local exchange telecommunications services, and communications-based entertainment and information services. Local exchange telecommunications competitors will include other major local exchange telecommunications companies, wireless services providers, interexchange carriers, competitive local exchange carriers ("CLECs") and others. Time Warner Communications of Ohio, L.P. and Communications Buying Group, Inc. are the only other companies currently certified to offer switched local exchange service in CBT's Greater Cincinnati market.

Cincinnati Bell Information Systems Inc.

Competition in the information services market is based primarily on product quality, performance, price and the quality of client service. CBIS's competitors include large firms with size and capabilities equal to or greater than CBIS as well as potential competitors from other markets similar to those served by CBIS. Major competitors of CBIS include Alltel Corporation, EDS Systems Corp., American Management Systems Inc. and Andersen Consulting Group. Niche players or new entrants could also capture a segment of the information services market by developing new systems or services which could impact CBIS's market potential. In addition, CBIS's clients and potential clients are generally large companies with substantial resources and the capability to provide needed services for themselves rather than outsourcing such services. Faced with increasing competition, there can be no assurance that CBIS can maintain its future growth at the same rate as that experienced in the past several years.

CBIS believes that it can provide superior service to its clients, because of its extensive knowledge of the telecommunications industry, its constant technological and service enhancements, its information systems

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capabilities and resources and the quality of its client service. As telecommunications customer care and billing becomes more complex, telecommunications providers are increasingly considering customer billing services as an opportunity to differentiate themselves from competitive service providers. CBIS believes that its ability to maintain a leadership position in the technological development of billing systems will be critical to providing its clients with competitively priced high quality services.

MATRIX Marketing Inc.

The telephone marketing services industry in which MATRIX competes is

extremely competitive and highly fragmented. MATRXXX competes with the in-house telephone marketing services operations of its current and potential clients, other large telephone marketing services companies such as APAC TeleServices, Inc., AT&T American Transtech, ITI Marketing Services Inc., SITEL Corporation, TeleTech Holdings, Inc., West TeleServices Corporation, Precision Response Corporation and numerous other small companies. MATRXXX also competes with alternative marketing media such as television, radio and direct mail advertising. MATRXXX differentiates itself from competitors based on its size and scale, selective industry and client focus, financial and technical resources and business reputation.

MATRXXX believes that the principal competitive factors in the telephone marketing and related marketing services industry are reputation for quality, sales and marketing skills, price, technological expertise and the ability to promptly provide clients with customized solutions to their customer service, sales and marketing needs. The competitive marketplace could begin to place pressure on MATRXXX's ability to achieve its goals. There can be no assurance that MATRXXX will be able to achieve the growth and financial results that it has had in the past several years.

Other Businesses

Cincinnati Bell's other businesses face intense competition in their markets, principally from larger companies. They primarily seek to differentiate themselves by providing existing customers with superior service and by focusing on niche markets and opportunities to develop and market customized packages of services. CBD's competitors include other interexchange carriers and selected local telecommunications services companies. CBD's competitors are other directory services companies, and newspapers and other media advertising services providers in its region. Supply's competitors include a number of larger and smaller vendors of new and used communications and computer equipment, operating regionally and across the nation.

MANAGEMENT

Set forth below is certain information concerning directors and certain executive officers of Cincinnati Bell. Each director holds office (subject to Cincinnati Bell's Amended Regulations) until the next annual meeting of shareholders and until his or her successor has been elected and qualified. The information concerning the directors has been furnished by them to Cincinnati Bell.

NAME	AGE	TITLE
Charles S. Mechem, Jr.....	66	Director and Chairman of the Board
John T. LaMacchia.....	55	Director, President and Chief Executive Officer
James F. Orr.....	50	Director and Chief Operating Officer
Brian C. Henry.....	39	Executive Vice President and Chief Financial Officer
William H. Zimmer III.....	42	Secretary and Treasurer
William D. Baskett III.....	57	General Counsel and Chief Legal Officer
David F. Dougherty.....	40	President and Chief Executive Officer of MATRXXX
Robert J. Marino.....	49	President and Chief Executive Officer of CBIS
John F. Barrett.....	47	Director
Phillip R. Cox.....	49	Director
William A. Friedlander.....	64	Director
Roger L. Howe.....	61	Director
Robert P. Hummel, M.D.....	68	Director
James D. Kiggen.....	64	Director
Mary D. Nelson.....	63	Director
Brian H. Rowe.....	65	Director
David B. Sharrock.....	60	Director

CHARLES S. MECHEM, JR., Director of Cincinnati Bell since December 1995 and Chairman of Cincinnati Bell since April 22, 1996; Chairman of the Executive Committee and the Nominating Committee; Commissioner Emeritus, Ladies Professional Golf Association ("LPGA") (women's professional sports organization). Retired from LPGA in December 1995, following a five-year tenure. Chairman of U.S. Shoe Corporation from April 1993 to May 1995. Retired Chairman & CEO of Taft Broadcasting Company (1967-1990). Director of AGCO, Mead Corporation, Ohio National Life Insurance Company, J. M. Smucker Company, Star Banc Corp. and Star Bank, N.A.

JOHN T. LAMACCHIA, President and Chief Executive Officer of Cincinnati Bell since October 1, 1993; President of Cincinnati Bell since January 1, 1988; Chairman of Cincinnati Bell Telephone Company since November 1993; Chairman of Cincinnati Bell Information Systems Inc. since October 1988; Chief Operating Officer of Cincinnati Bell, 1988-1993. Director of Cincinnati Bell since 1985; member of the Executive Committee. Director of Burlington Resources, Inc. (oil and gas production). Director of The Kroger Co. (food retailer).

JAMES F. ORR, Director and Chief Operating Officer of Cincinnati Bell since September 16, 1996; Executive Vice President of Cincinnati Bell, June 1, 1995 -- September 16, 1996; President and Chief Executive Officer of Cincinnati Bell Information Systems Inc., January 1, 1995 -- September 16, 1996; Chief Operating Officer of CBIS, February 4, 1994 -- December 31, 1994; President and Chief Executive Officer of MATRIX Marketing Inc., January 1, 1993 -- December 31, 1994; Vice President -- Market Development, January 1, 1989 -- December 31, 1992.

BRIAN C. HENRY, Executive Vice President and Chief Financial Officer of Cincinnati Bell since March 29, 1993; Vice President and Chief Financial Officer of Mentor Graphics, February 1986 to March 28, 1993.

WILLIAM H. ZIMMER III, Secretary and Treasurer of Cincinnati Bell since August 1, 1991; Secretary and Assistant Treasurer of Cincinnati Bell, December 1, 1988 -- July 31, 1991. Trustee of Star Funds, an

investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), since February 1996.

WILLIAM D. BASKETT III, General Counsel and Chief Legal Officer of Cincinnati Bell since July 1993; Partner of Frost & Jacobs since 1970.

DAVID F. DOUGHERTY, President and Chief Executive Officer of MATRIX Marketing Inc. since January 1, 1995; Senior Vice President and Chief Operating Officer U.S. Operations, January 1, 1993 -- December 31, 1994; President of the Consumer Division, January 1, 1991 -- December 31, 1992.

ROBERT J. MARINO, President and Chief Executive Officer, of Cincinnati Bell Information Systems Inc. since September 16, 1996; Chief Operating Officer, October 2, 1995 -- September 16, 1996; President of the Northeast Region at Nextel Communications (wireless communications services company) from 1993-1995.

JOHN F. BARRETT, Director of Cincinnati Bell since 1992; member of the Audit Committee, Compensation Committee and Nominating Committee. President and Chief Executive Officer of The Western and Southern Life Insurance Company since March 8, 1994; President and Chief Operating Officer, November 1989 -- March 1994; Executive Vice President and Chief Financial Officer, May 1987 -- October 1989. Director of The Western and Southern Life Insurance Company, The Fifth Third Bancorp and its subsidiary, The Fifth Third Bank, and The Andersons, Inc.

PHILLIP R. COX, Director of Cincinnati Bell since 1993; member of the Compensation Committee and Finance and Benefits Committee. President and Chief Executive Officer of Cox Financial Corporation (financial planning) since 1972. Chairman of United Way of Cincinnati, March 1995, Vice Chairman of United Way of Cincinnati, 1993-1995, Director of Federal Reserve Bank of Cleveland, CInergy

Corp. (gas and electric company), PNC Bank, Ohio, N.A., and Trustee of The Touchstone Funds, investment companies registered under the 1940 Act.

WILLIAM A. FRIEDLANDER, Director of Cincinnati Bell since 1986; Chairman of the Audit Committee and a member of the Executive Committee. Chairman of Bartlett & Co. (a registered investment advisor) since 1989; Chief Executive Officer, 1966-1989. Director and Chief Executive Officer of the Greater Cincinnati Foundation (community foundation), 1990-1994. Director of The Union Central Life Insurance Company.

ROGER L. HOWE, Director of Cincinnati Bell since September 16, 1996. Chairman of U.S. Precision Lens, Inc. (manufacturer of optics for the instrument, semiconductor, photographic, fiber optic, medical and toy industries) since 1970. Director of Atkins & Pearce, Inc., Baldwin Piano & Organ Co., Cintas Corporation, Eagle-Picher Industries (diversified manufacturer of industrial products), The R. A. Jones Co., (manufacturer of packaging systems), Star Banc Corp and its subsidiary, The Star Bank.

ROBERT P. HUMMEL, M.D., Director of Cincinnati Bell since 1983; Chairman of the Finance and Benefits Committee and a member of the Executive Committee. Chief of Staff of University Hospital; Emeritus Professor of Surgery, College of Medicine, University of Cincinnati.

JAMES D. KIGGEN, Director of Cincinnati Bell since 1983; Chairman of the Compensation Committee and a member of the Executive Committee. Chairman of the Board of Xtek, Inc. (manufacturer of engineered steel products for heavy industry) since 1985; Chief Executive Officer of Xtek, Inc. since 1981; President of Xtek, Inc. 1979-1995. Director of Fifth Third Bancorp and its subsidiary, The Fifth Third Bank, The United States Playing Card Company (worldwide manufacturer of playing cards), The R.A. Jones Co. and Xtek, Inc.

MARY D. NELSON, Director of Cincinnati Bell since 1994; a member of the Audit Committee and Finance and Benefits Committee. President of Nelson & Co. (consulting actuaries) since 1975. Director of Blount International, Inc. (manufacturer of outdoor products, industrial and power equipment and sporting equipment) and The Union Central Life Insurance Company.

BRIAN H. ROWE, Director of Cincinnati Bell since October 28, 1996. Retired Chairman of GE Aircraft Engines, 1993-1995. President and Chief Executive Officer of GE Aircraft Engines and Senior Vice President of the General Electric Company from 1979-1993. Director of The Fifth Third Bancorp and its subsidiary, The Fifth Third Bank, Stewart & Stevenson Service, Inc. (manufacturer of turbine engine systems), Atlas

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Air, Inc. (cargo carrier), B/E Aerospace, Inc. (manufacturer of aircraft interior products), Textron, Inc. (manufacturer of aerospace and commercial products) and Canadian Marconi Company (manufacturer of aircraft parts).

DAVID B. SHARROCK, Director of Cincinnati Bell since 1987; member of the Compensation Committee and Nominating Committee. Consultant since 1994; Retired Executive Vice President and Chief Operating Officer of Marion Merrell Dow Inc. (researcher, manufacturer and seller of pharmaceutical products) 1989-1993; President and Chief Operating Officer of Merrell Dow Pharmaceuticals Inc., 1988-1989. Director of Unitog Co. (uniform rental company), Interneuron Pharmaceuticals Inc. (pharmaceutical research), Progenitor, Inc. (pharmaceutical research), Intercardia, Inc. (pharmaceutical product development) and Pharmaceutical Peptides, Inc. (pharmaceutical research).

Waslic and Western & Southern currently own, or have voting power or investment power with respect to, an aggregate of 6,452,696 Common Shares or approximately 9.6% of the issued and outstanding Common Shares. Waslic acquired 3,157,896 of such Common Shares upon conversion of Cincinnati Bell's 7.25% Cumulative Convertible Voting Preferred Shares, no par value (the "Preferred Shares") and the remainder in open market purchases. Pursuant to a Registration Rights Agreement relating to the Preferred Shares, Cincinnati Bell has agreed to indemnify Waslic and Western & Southern against certain liabilities, including liabilities under the Securities Act, or to contribute to payments Waslic and Western & Southern may be required to make in respect thereof, in connection with the DECS Offering. In addition, certain of The Touchstone Funds, which are mutual funds managed by an affiliate of Western & Southern, and certain investment advisory clients of Fort Washington Advisors, Inc., a wholly owned subsidiary of Western & Southern, hold an aggregate of 11,308 Common Shares. Touchstone Advisors, Inc., a wholly owned subsidiary of Western & Southern, is the adviser to The Touchstone Funds. Mr. Barrett, a director of Cincinnati Bell since 1992, is President and Chief Executive Officer of Western & Southern, and Mr. Cox, a director of Cincinnati Bell since 1993, is a trustee of The Touchstone Funds.

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DESCRIPTION OF CAPITAL STOCK

The following is a summary description of the capital stock of Cincinnati Bell and is qualified by reference to Cincinnati Bell's Amended Articles of Incorporation (the "Articles"), a copy of which has been filed as Exhibit 4.1 to this Registration Statement. For the text of the provisions summarized below, reference is made to such exhibit.

The authorized capital stock of Cincinnati Bell consists of 240,000,000 Common Shares, par value \$1.00 per share, and 5,000,000 preferred shares, without par value (the "Preferred Shares"), of which 4,000,000 are voting preferred shares (the "Voting Preferred Shares"). At September 30, 1996, 67,393,953 Common Shares were outstanding. There are currently no Preferred Shares outstanding.

All Common Shares of Cincinnati Bell are entitled to participate equally in such dividends as may be declared by the Board of Directors of Cincinnati Bell and upon liquidation of Cincinnati Bell, subject to the prior rights of any Preferred Shares. All Common Shares are fully paid and nonassessable.

Each shareholder has one vote for each Common Share registered in the shareholder's name. The Board of Directors is divided into three classes as nearly equal in size as the total number of directors constituting the Board permits. The number of directors may be fixed or changed from time to time by the shareholders or the directors.

The Board of Directors is authorized to issue the Preferred Shares from time to time in series and to fix the dividend rate and dividend dates, liquidation price, redemption rights and redemption prices, sinking fund requirements, conversion rights, restrictions, if any, on the creation of indebtedness and on the issuance of such Preferred Shares, and certain other rights, preferences and limitations. Each series of Preferred Shares would rank, with respect to dividends and redemption and liquidation rights, senior to the Common Shares. It is not possible to state the actual effect of the authorization of any series of Preferred Shares upon the rights of holders of the Common Shares until the Board of Directors determines the rights of the holders of one or more series of Preferred Shares. However, such effects could include (a) restrictions on dividends on the Common Shares, (b) dilution of the voting power of the Common Shares to the extent that the Voting Preferred Shares have voting rights or (c) inability of the Common Shares to share in Cincinnati Bell's assets upon liquidation until satisfaction of any liquidation preference

granted to the Preferred Shares.

No holders of shares of any class of Cincinnati Bell's capital stock have pre-emptive rights nor the right to exercise cumulative voting in the election of directors.

The transfer agent and registrar of the Common Shares is KeyCorp Shareholder Services, Inc., a subsidiary of KeyBank N.A., P. O. Box 6477, Cleveland, Ohio 44101.

CHANGE IN CONTROL

The following provisions of Cincinnati Bell's Articles and Ohio law might have the effect of delaying, deferring or preventing a change in control of Cincinnati Bell and would operate only with respect to an extraordinary corporate transaction, such as a merger, reorganization, tender offer, sale or transfer of assets or liquidation involving Cincinnati Bell and certain persons described below.

Ohio law provides that the approval of two-thirds of the voting power of a corporation is required to effect mergers and similar transactions, to adopt amendments to the articles of incorporation of a corporation and to take certain other significant actions. Although under Ohio law the articles of incorporation of a corporation may permit such actions to be taken by a vote that is less than two-thirds (but not less than a majority), Cincinnati Bell's Articles do not contain such a provision. The two-thirds voting requirement tends to make approval of such matters, including further amendments to the Articles, relatively difficult and a vote of the holders of in excess of one-third of the outstanding Common Shares of Cincinnati Bell would be sufficient to prevent implementation of any of the corporation actions mentioned above. In addition, Article Fifth classifies the Board of Directors into three classes of directors with staggered terms of office and Cincinnati Bell's Amended Regulations provide certain limitations on the removal from and filling of vacancies in the office of director.

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Article Sixth of the Articles requires that certain minimum price requirements and procedural safeguards be observed by a person or entity after he or it becomes the holder of 10% or more of the voting shares of Cincinnati Bell if such person or entity seeks to effect mergers or certain other business combinations ("Business Combinations") that could fundamentally change or eliminate the interests of the remaining shareholders. If such requirements and procedures are not complied with, or if the proposed Business Combination is not approved by at least a majority of the members of the Board of Directors who are unaffiliated with the new controlling person or entity (taking into account certain special quorum requirements), the proposed Business Combination must be approved by the holders of 80% of the outstanding Common Shares and outstanding Voting Preferred Shares of Cincinnati Bell (collectively, "Voting Shares"), voting together as a class, notwithstanding any other class vote required by law or by the Articles. In the event the price criteria and procedural requirements are met or the requisite approval by such unaffiliated directors (taking into account certain special quorum requirements) is given with respect to a particular Business Combination, the normal voting requirements of Ohio law would apply.

In addition, Article Sixth of the Articles provides that the affirmative vote of the holders of 80% of the Voting Shares, voting as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, Article Sixth. An 80% vote is not required to amend or repeal, or adopt a provision inconsistent with, Article Sixth if the Board of Directors has recommended such amendment or other change and if, as of the record date for the determination of shareholders entitled to vote thereon, no person is known by the Board of Directors to be the beneficial owner of 10% or more of the Voting Shares, in which event the affirmative vote of the holders of two-thirds of the

Voting Shares, voting as a single class, shall be required to amend or repeal, or adopt a provision inconsistent with, Article Sixth.

Ohio, the state of Cincinnati Bell's incorporation, has enacted Ohio Revised Code Section 1701.831, a "control share acquisition" statute, and Chapter 1704, a "merger moratorium" statute. The control share acquisition statute basically provides that any person acquiring shares of an "issuing public corporation" (which definition Cincinnati Bell meets) in any of the following three ownership ranges must seek and obtain shareholder approval of the acquisition transaction that first puts such ownership within each such range: (i) more than 20% but less than 33 1/3%; (ii) 33 1/3% but not more than 50%; and (iii) more than 50%.

The merger moratorium statute provides that, unless a corporation's articles of incorporation or regulations otherwise provide, an "issuing public corporation" (which definition Cincinnati Bell meets) may not engage in a "Chapter 1704 transaction" for three years following the date on which a person acquires more than 10% of the voting power in the election of directors of the issuing corporation, unless the "Chapter 1704 transaction" is approved by the corporation's board of directors prior to such voting power acquisition. A person who acquires such voting power is an "interested shareholder," and "Chapter 1704 transactions" involve a broad range of transactions, including mergers, consolidations, combinations, liquidations, recapitalization and other transactions between an "issuing public corporation" and an "interested shareholder" if such transactions involve 5% of the assets or shares of the "issuing public corporation" or 10% of its earning power. After the initial three year moratorium, Chapter 1704 prohibits such transactions absent approval by disinterested shareholders or the transaction meeting certain statutorily defined fair price provisions.

Ohio has also enacted a "greenmailer disgorgement" statute which provides that a person who announces a control bid must disgorge profits realized by that person upon the sale of any equity securities within 18 months of the announcement.

In addition, Ohio has a "control bid" statute that provides for the dissemination of certain information and the possibility of a hearing concerning compliance with law in connection with a proposed acquisition of more than 10% of any class of equity securities of a corporation, such as Cincinnati Bell, that has significant contacts with Ohio.

In October 1986 the Board of Directors of Cincinnati Bell adopted a Share Purchase Rights Plan. Under the plan, shareholders received, in connection with each Common Share owned, the right to purchase one one-hundredth of a Series A Preferred Share at an exercise price of \$125, subject to adjustment (the "Rights"). The Rights expired on November 5, 1996. Cincinnati Bell has no current intention to implement a successor shareholder rights plan, but it may do so in the future.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Underwriting Agreement (the "Underwriting Agreement") among Salomon, Cincinnati Bell and the Underwriters named below, Salomon has agreed to sell to the Underwriters, and the Underwriters have agreed to purchase, the aggregate number of DECS set forth opposite their names below:

UNDERWRITERS	NUMBER OF DECS
-----	-----

Salomon Brothers Inc.....	1,500,000
Morgan Stanley & Co. Incorporated.....	1,500,000

Total.....	3,000,000
	=====

In the Underwriting Agreement, the Underwriters have agreed, subject to the terms and conditions set forth therein, that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the DECS offered pursuant to the DECS Prospectus if any of the DECS are purchased.

Salomon has been advised by the Underwriters that they propose to offer the DECS directly to the public initially at the public offering price set forth on the cover of the DECS Prospectus and to certain dealers at such prices less a concession not in excess of \$ per DECS. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per DECS to other dealers. After the initial public offering, such public offering price and such concession and reallowance may be changed.

Cincinnati Bell, Waslic, Western & Southern and the directors and executive officers of Cincinnati Bell have agreed not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, for a period of at least 90 days from the date of this Prospectus without the prior written consent of the Underwriters; provided, however, that (x) Cincinnati Bell may issue, or grant options for, Common Shares pursuant to any stock plan for employees or directors, or any qualified employee benefit plan, in effect on the date of this Prospectus, or pursuant to any stock options outstanding on the date of this Prospectus, and any defined contribution qualified employee benefit plan in effect on the date of this Prospectus may sell Common Shares to satisfy plan liquidity needs, (y) such officers and directors, which may include John T. LaMacchia, James F. Orr and Brian C. Henry, may sell up to 200,000 Common Shares in the aggregate so long as no one individual sells more than (A) 5,000 Common Shares or (B) 15% of the sum of the number of Common Shares currently owned by such individual and the number of Common Shares that may be purchased by such individual pursuant to currently exercisable options (whichever of (A) or (B) is greater) and (z) such agreement will not affect the ability of Waslic to engage in any of the transactions described in clause (i) or (ii) above in connection with the offering of the Waslic DECS or any exchange at maturity pursuant to the terms of the Waslic DECS. If any such consent is given it would not necessarily be preceded or followed by a public announcement thereof.

Cincinnati Bell and the Cincinnati Bell Pension Plans Trust have entered into a separate underwriting agreement with the group of underwriters named therein providing for the offer and sale of 2,000,000 Common Shares owned by the Cincinnati Bell Pension Plans Trust. The closings of the DECS Offering and the Pension Trust Offering are not conditioned upon each other.

Salomon has granted to the Underwriters an option, exercisable for the 30-day period after the date of the DECS Prospectus, to purchase up to an additional 450,000 DECS from Salomon, at the same price per DECS as the initial DECS to be purchased by the Underwriters. The Underwriters may exercise such option only for the purpose of covering over-allotments, if any, incurred in connection with the sale of DECS offered pursuant to the DECS Prospectus. To the extent that the Underwriters exercise such option, each Underwriter

will have a firm commitment, subject to certain conditions, to purchase the same proportion of the DECS as the number of DECS to be purchased and offered by such Underwriter in the above table bears to the total number of initial DECS to be purchased by the Underwriters.

The DECS will be a new issue of securities with no established trading market. The DECS have been approved for listing on the NYSE under the symbol "CXB," subject to official notice of issuance. The Underwriters intend to make a market in the DECS, subject to applicable laws and regulations. However, the Underwriters are not obligated to do so and any such market-making may be discontinued at any time at the sole discretion of the Underwriters without notice. Accordingly, no assurance can be given as to the liquidity of such market.

The Underwriting Agreement provides that Salomon and Cincinnati Bell will indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments the Underwriters may be required to make in respects thereof. The Underwriting Agreement also provides that Cincinnati Bell will indemnify Salomon against certain liabilities, including liabilities under the Securities Act, or contribute to payments Salomon may be required to make in respect thereof.

Pursuant to a Purchase Agreement among Waslic, Western & Southern and Salomon (the "Purchase Agreement"), Salomon has agreed, subject to the terms and conditions set forth therein, to purchase from Waslic a number of Waslic DECS equal to the aggregate number of DECS to be purchased by the Underwriters from Salomon pursuant to the Underwriting Agreement (including any DECS to be purchased by the Underwriters upon exercise of the over-allotment option). Pursuant to the terms of the Waslic DECS, Waslic will be obligated to deliver to Salomon at or prior to maturity of the DECS a number of Common Shares (or, at Waslic's option, the cash equivalent and/or such other consideration as permitted or required by the terms of the Waslic DECS), that are expected to have the same value as the Common Shares delivered pursuant to the DECS. The closing of the offering of the DECS is conditioned upon the closing of the purchase of the Waslic DECS pursuant to the Purchase Agreement. For further information, see the DECS Prospectus.

Salomon Brothers Inc is an indirect wholly owned subsidiary of Salomon. The participation of Salomon Brothers Inc in the offer and sale of the DECS complies with the requirements of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. regarding the underwriting by Salomon Brothers Inc of the securities of its parent.

In the ordinary course of their respective businesses, certain of the Underwriters and their respective affiliates have engaged in and may in the future engage in commercial and investment banking transactions with Salomon, Cincinnati Bell, Waslic, Western & Southern and their respective affiliates.

LEGAL MATTERS

Certain legal matters in connection with the Common Shares offered hereby will be passed upon for Cincinnati Bell by Frost & Jacobs, Cincinnati, Ohio. Mr. Baskett, a partner of Frost & Jacobs, is General Counsel and Chief Legal Officer of Cincinnati Bell and is the record owner of 1,040 Common Shares and has options to purchase 80,000 Common Shares. Other attorneys at Frost & Jacobs are the record or beneficial owners of approximately 4,700 Common Shares in the aggregate.

EXPERTS

The consolidated balance sheets of Cincinnati Bell Inc. as of December 31,

1995 and 1994 and the consolidated statements of income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 1995, which appear in Cincinnati Bell's Annual Report on Form 10-K for the year ended December 31, 1995, incorporated by reference in this Prospectus, have been incorporated herein in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CINCINNATI BELL OR ANY OF THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF CINCINNATI BELL SINCE THE DATES AS OF WHICH INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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3,000,000 SHARES

CINCINNATI BELL INC.

COMMON SHARES
(\$1.00 PAR VALUE)
LOGO
PROSPECTUS

DATED , 1996

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

PROSPECTUS (Subject to Completion)

Issued November 13, 1996

2,000,000 Shares

(Cincinnati Bell Logo)
COMMON SHARES

OF THE 2,000,000 COMMON SHARES, PAR VALUE \$1.00 PER SHARE (THE "COMMON SHARES") OFFERED HEREBY, 1,600,000 COMMON SHARES ARE BEING OFFERED INITIALLY IN THE UNITED STATES AND CANADA BY THE U.S. UNDERWRITERS AND 400,000 COMMON SHARES ARE BEING OFFERED INITIALLY OUTSIDE THE UNITED STATES AND CANADA BY THE INTERNATIONAL UNDERWRITERS. SEE "UNDERWRITERS." ALL OF THE COMMON SHARES OFFERED HEREBY ARE BEING SOLD BY BANKERS TRUST COMPANY AS TRUSTEE UNDER THE CINCINNATI BELL PENSION PLANS TRUST (THE "CINCINNATI BELL PENSION PLANS TRUST"). SEE "SELLING SHAREHOLDER." NONE OF THE PROCEEDS FROM THE SALE OF THE COMMON SHARES WILL BE RECEIVED BY CINCINNATI BELL INC. ("CINCINNATI BELL"). CINCINNATI BELL'S COMMON SHARES ARE LISTED ON THE NEW YORK AND CINCINNATI STOCK EXCHANGES UNDER THE SYMBOL "CSN." ON NOVEMBER 13, 1996, THE REPORTED LAST SALE PRICE OF THE COMMON SHARES ON THE NEW YORK STOCK EXCHANGE WAS \$55.75.

PURSUANT TO A SEPARATE PROSPECTUS, SALOMON INC IS CONCURRENTLY OFFERING FOR SALE IN A SEPARATE OFFERING 3,000,000 OF ITS % EXCHANGEABLE NOTES DUE FEBRUARY 1, 2001 (THE "DECS(SM)"), PLUS UP TO AN ADDITIONAL 450,000 DECS SOLELY TO COVER OVER-ALLOTMENTS. AT MATURITY, THE DECS MAY BE EXCHANGED BY SALOMON INC INTO COMMON SHARES.

SEE "RISK FACTORS" ON PAGE 8 FOR INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE \$ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO SELLING SHAREHOLDER (2)
Per Common Share.....	\$	\$	\$
Total(3).....	\$	\$	\$

- (1) Cincinnati Bell and the Selling Shareholder have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.
- (2) Expenses of issuance and distribution estimated at \$311,575 are payable by Cincinnati Bell.
- (3) The Selling Shareholder has granted the U.S. Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of 300,000 additional Common Shares at the price to public less underwriting discounts and commissions for the purpose of covering over-allotments, if any. If the U.S. Underwriters exercise such option in full, the total price to public, underwriting discounts and commissions and proceeds to the Selling Shareholder will be \$, \$ and \$, respectively. See "Underwriters."

The Common Shares are offered, subject to prior sale, when, as and if accepted by the Underwriters named herein and subject to approval of certain legal matters by Cleary, Gottlieb, Steen & Hamilton, counsel for the Underwriters. It is expected that delivery of the Common Shares will be made on or about , 1996 through the book entry facilities of The Depository Trust Company, against payment therefor in immediately available funds.

Joint Book-Running Managers

MORGAN STANLEY & CO.
Incorporated

, 1996

SALOMON BROTHERS INC

[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

No person is authorized in connection with any offering made hereby to give any information or to make any representation not contained in this Prospectus, and if given or made, such information or representation must not be relied upon as having been authorized by Cincinnati Bell or the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered hereby to any person in any jurisdiction in which it is unlawful to make any such offer or solicitation to such person. Neither the delivery of this Prospectus nor any sale made hereby shall under any circumstance imply that the information contained herein is correct as of any date subsequent to the date hereof.

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[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

THE COMMON SHARES OFFERING

Common Shares offered	
United States offering.....	1,600,000 shares
International offering.....	400,000 shares

Total.....	2,000,000 shares
Common Shares to be outstanding after the offering....	67,393,953 shares
Use of proceeds.....	All of the proceeds will be received by the Cincinnati Bell Pension Plans Trust (the "Selling Shareholder"). None of the proceeds will be received by Cincinnati Bell.
New York Stock Exchange Symbol.....	CSN

THE DECS OFFERING

Salomon Inc is also offering for sale in a separate offering 3,000,000 DECS, plus up to an additional 450,000 DECS solely to cover over-allotments. At maturity, the DECS will be manditorily exchanged by Salomon Inc into Common Shares (or, at Salomon Inc's option, cash with equal value and/or such other consideration as permitted or required by the terms of the DECS) at the rate specified in the prospectus for the offering of the DECS.

[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

Air, Inc. (cargo carrier), B/E Aerospace, Inc. (manufacturer of aircraft interior products), Textron, Inc. (manufacturer of aerospace and commercial products) and Canadian Marconi Company (manufacturer of aircraft parts).

DAVID B. SHARROCK, Director of Cincinnati Bell since 1987; member of the Compensation Committee and Nominating Committee. Consultant since 1994; Retired Executive Vice President and Chief Operating Officer of Marion Merrell Dow Inc. (researcher, manufacturer and seller of pharmaceutical products) 1989-1993;

President and Chief Operating Officer of Merrell Dow Pharmaceuticals Inc., 1988-1989. Director of Unitog Co. (uniform rental company), Interneuron Pharmaceuticals Inc. (pharmaceutical research), Progenitor, Inc. (pharmaceutical research), Intercardia, Inc. (pharmaceutical product development) and Pharmaceutical Peptides, Inc. (pharmaceutical research).

SELLING SHAREHOLDER

This Prospectus relates to 2,000,000 Common Shares, plus up to an additional 300,000 Common Shares solely to cover over-allotments, which may be delivered by the Cincinnati Bell Pension Plans Trust and are offered by the Cincinnati Bell Pension Plans Trust pursuant to this Prospectus. Assuming the Cincinnati Bell Pension Plans Trust sells all of such 2,000,000 Common Shares (representing approximately 3% of the outstanding Common Shares) offered hereby and the Underwriters do not exercise their over-allotment option, the Cincinnati Bell Pension Plans Trust will thereafter own 1,457,248 Common Shares (representing approximately 2% of the outstanding Common Shares).

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[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership and disposition of Common Shares by a person that, for United States federal income tax purposes, is a nonresident alien individual, a foreign corporation, a foreign partnership, or a foreign estate or trust (a "non-U.S. holder"). The discussion does not consider specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position. Accordingly, each non-U.S. holder is urged to consult its own tax advisor with respect to the United States tax consequences of the ownership and disposition of Common Shares, as well as any tax consequences that may arise under the laws of any state, municipality, foreign country or other taxing jurisdiction.

DIVIDENDS

Dividends paid to a non-U.S. holder of Common Shares ordinarily will be subject to withholding of United States federal income tax at a 30 percent rate, or at a lower rate under an applicable income tax treaty that provides for a reduced rate of withholding. However, if the dividends are effectively connected with the conduct by the holder of a trade or business within the United States, then the dividends will be exempt from the withholding tax described above and instead will be subject to United States federal income tax on a net income basis.

GAIN ON DISPOSITION OF COMMON SHARES

A non-U.S. holder generally will not be subject to United States federal income tax in respect of gain realized on a disposition of Common Shares, provided that (a) the gain is not effectively connected with a trade or business conducted by the non-U.S. holder in the United States and (b) in the case of a non-U.S. holder who is an individual and who holds the Common Shares as a capital asset, such holder is present in the United States for less than 183 days in the taxable year of the sale and other conditions are met.

FEDERAL ESTATE TAXES

Common Shares owned or treated as being owned by a non-U.S. holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides

otherwise.

U.S. INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING TAX

U.S. information reporting requirements and backup withholding tax will not apply to dividends paid on Common Shares to a non-U.S. holder at an address outside the United States. As a general matter, information reporting and backup withholding also will not apply to a payment of the proceeds of a sale of Common Shares effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Common Shares effected outside the United States by a foreign office of a broker if the broker is a U.S. person, derives 50 percent or more of its gross income for certain periods from the conduct of a trade or business in the United States, or is a "controlled foreign corporation" as to the United States, unless the broker has documentary evidence in its records that the holder is a non-U.S. holder and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Common Shares will be subject to both backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

These backup withholding and information reporting rules are under review by the United States Treasury, and their application to the Common Shares could be changed by future regulations.

[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement dated the date hereof (the "Underwriting Agreement"), a syndicate of United States underwriters (the "U.S. Underwriters") named below has severally agreed to purchase, and the Selling Shareholder has agreed to sell to them, severally, the respective number of Common Shares set forth opposite the names of such U.S. Underwriters below, and a syndicate of international underwriters (the "International Underwriters") named below has severally agreed to purchase, and the Selling Shareholder has agreed to sell to them, severally, the respective number of Common Shares set forth opposite the names of such International Underwriters below:

NAME	NUMBER OF COMMON SHARES
U.S. Underwriters:	
Morgan Stanley & Co. Incorporated.....	
Salomon Brothers Inc	
Subtotal.....	1,600,000
International Underwriters:	
Morgan Stanley & Co. International Limited.....	
Salomon Brothers International Limited.....	
Subtotal.....	400,000
Total.....	2,000,000

The U.S. Underwriters and the International Underwriters are collectively referred to as the "Underwriters." The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the

Common Shares offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the Common Shares offered hereby (other than those covered by the over-allotment option described below) if any such shares are taken.

Pursuant to the Agreement Between U.S. and International Underwriters, each U.S. Underwriter has represented and agreed that, with certain exceptions, (i) it is not purchasing any U.S. Shares (as defined below) for the account of anyone other than a United States or Canadian Person (as defined below) and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any U.S. Shares or distribute any prospectus relating to the U.S. Shares outside the United States or Canada or to anyone other than a United States or Canadian Person. Pursuant to the Agreement Between U.S. and International Underwriters, each International Underwriter has represented and agreed that, with certain exceptions, (i) it is not purchasing any International Shares (as defined below) for the account of any United States or Canadian Person and (ii) it has not offered or sold, and will not offer or sell, directly or indirectly, any International Shares or distribute any prospectus relating to the International Shares within the United States or Canada or to any United States or Canadian Person. With respect to any Underwriter that is a U.S. Underwriter and an International Underwriter, the foregoing representations and agreements (i) made by it in its capacity as a U.S. Underwriter shall apply only to Common Shares purchased by it in its capacity as a U.S. Underwriter, (ii) made by it in its capacity as an International Underwriter shall apply only to Common Shares purchased by it in its capacity as an International Underwriter and (iii) shall not restrict its ability to distribute any prospectus relating to the Common Shares to any person. The foregoing limitations do not apply to stabilization

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[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

transactions or to certain other transactions specified in the Agreement between U.S. and International Underwriters. As used herein, "United States or Canadian Person" means any national or resident of the United States or Canada, or any corporation, pension, profit-sharing or other trust or other entity organized under the laws of the United States or Canada or any political subdivision thereof (other than a branch located outside the United States and Canada of any United States or Canadian Person) and includes any United States or Canadian branch of a person who is otherwise not a United States or Canadian Person. All Common Shares to be purchased by the U.S. Underwriters and the International Underwriters are referred to herein as the U.S. Shares and the International Shares, respectively.

Pursuant to the Agreement Between U.S. and International Underwriters, sales may be made between the U.S. Underwriters and the International Underwriters of any number of Common Shares to be purchased pursuant to the Underwriting Agreement as may be mutually agreed. The per share price and currency of any shares sold shall be the Price to Public set forth on the cover page hereof, in United States dollars, less an amount not greater than the per share amount of the concession to dealers set forth below.

Pursuant to the Agreement Between U.S. and International Underwriters, each U.S. Underwriter has represented that it has not offered or sold, and has agreed not to offer or sell, any Common Shares, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada in contravention of the securities laws thereof and has represented that any offer of Common Shares in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made. Each U.S. Underwriter has further agreed to send to any dealer who purchases from it any Common Shares a notice stating in substance that, by purchasing such Common Shares, such dealer represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, any of such Common Shares in any province or territory of Canada or to, or for the benefit of, any resident of

any province or territory of Canada in contravention of the securities laws thereof and that any offer of Common Shares in Canada will be made only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made, and that such dealer will deliver to any other dealer to whom it sells any of such Common Shares a notice to the foregoing effect.

Each International Underwriter has agreed that: (i) it has not offered or sold and will not offer or sell any Common Shares to persons in the United Kingdom ("U.K.") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the U.K. within the meaning of the Public Offers of Securities Regulations 1995 (the "Regulations"); (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 and the Regulations with respect to anything done by it in relation to the Common Shares in, from or otherwise involving the U.K.; and (iii) it has only issued or passed on, and will only issue or pass on, to any person in the U.K. any document received by it in connection with the issue of the Common Shares, if that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the document may otherwise lawfully be issued or passed on.

The Underwriters initially propose to offer part of the Common Shares directly to the public at the Price to Public set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of \$ _____ a share under the public offering price. The Underwriters may allow, and such dealers may reallocate, a concession not in excess of \$ _____ a share to other Underwriters or to certain other dealers. After the initial offering of the Common Shares, the offering price and other selling terms may from time to time be varied by the Underwriters.

Pursuant to the Underwriting Agreement, the Selling Shareholder has granted to the U.S. Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an aggregate of 300,000 additional Common Shares at the Price to Public set forth on the cover page hereof, less underwriting discounts and commissions. The U.S. Underwriters may exercise such option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the Common Shares offered hereby.

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[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

To the extent such option is exercised, each U.S. Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional Common Shares as the number set forth next to such U.S. Underwriter's name in the preceding table bears to the total number of U.S. Shares offered hereby.

Cincinnati Bell, the Selling Shareholder, Waslic Company II, The Western and Southern Life Insurance Company and the directors and executive officers of Cincinnati Bell have agreed, with certain exceptions, not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, except for the shares to be sold in the offerings, for a period of at

least 90 days from the date of this Prospectus without the prior written consent of the Representatives, on behalf of the several Underwriters; provided, however, that (x) Cincinnati Bell may issue, or grant options for, Common Shares pursuant to any stock plan for employees or directors, or any qualified employee benefit plan, in effect on the date of this Prospectus, or pursuant to any stock options outstanding on the date of this Prospectus, and any defined contribution qualified employee benefit plan in effect on the date of this Prospectus may sell Common Shares to satisfy plan liquidity need and (y) such officers and directors, which may include John T. LaMacchia, James F. Orr and Brian C. Henry, may sell up to 200,000 Common Shares in the aggregate so long as no one individual sells more than (A) 5,000 Common Shares or (B) 15% of the sum of the number of Common Shares currently owned by such individual and the number of Common Shares that may be purchased by such individual pursuant to currently exercisable options (whichever of (A) or (B) is greater). If any such consent is given it would not necessarily be preceded or followed by a public announcement thereof.

Cincinnati Bell and Salomon Inc have entered into a separate underwriting agreement with the group of underwriters named therein providing for the offer and sale by Salomon Inc to such underwriters of 3,000,000 DECS, plus up to an additional 450,000 DECS solely to cover over-allotments. At maturity, the DECS will be mandatorily exchangeable by Salomon Inc into Common Shares (or, at Salomon Inc's option, cash with an equal value and/or such other consideration as permitted or required by the terms of the DECS) at the rate specified in the prospectus for the DECS Offering. The closings of the Common Shares Offering and the DECS Offering are not conditioned upon each other.

In the ordinary course of their respective businesses, certain of the Underwriters and their respective affiliates have engaged in and may in the future engage in commercial and investment banking transactions with Cincinnati Bell.

Cincinnati Bell, the Selling Shareholder and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

LEGAL OPINIONS

The legality of the Common Shares and certain other legal matters in connection with the sale of the Common Shares offered hereby will be passed upon for Cincinnati Bell by Frost & Jacobs, Cincinnati, Ohio. Mr. Baskett, a partner of Frost & Jacobs, is General Counsel and Chief Legal Officer of Cincinnati Bell and is the record owner of 1,040 Common Shares and has options to purchase 80,000 Common Shares. Other attorneys at Frost & Jacobs are the record or beneficial owners of approximately 4,700 Common Shares in the aggregate. Certain legal matters in connection with the sale of the Common Shares offered hereby will be passed upon for the Underwriters by Cleary, Gottlieb, Steen & Hamilton, New York, New York. Certain legal matters relating to the Selling Shareholder will be passed upon by Paul, Hastings, Janofsky & Walker LLP, New York, New York.

[ALTERNATE PAGES FOR PENSION TRUST PROSPECTUS]

EXPERTS

The consolidated balance sheets of Cincinnati Bell Inc. as of December 31, 1995 and 1994 and the consolidated statements of income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 1995, which appear in Cincinnati Bell's Annual Report on Form 10-K for the year ended

December 31, 1995, incorporated by reference in this Prospectus, have been incorporated herein in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in accounting and auditing.

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[Cincinnati Bell LOGO]

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.(1)

Securities and Exchange Commission Registration Fee.....	\$ 90,938
Printing and engraving expenses.....	\$190,000
Legal fees and expenses.....	\$200,000
Accounting fees and expenses.....	\$ 40,000
Miscellaneous fees and expenses.....	\$200,000

Total.....	\$720,938
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(1) Estimated, other than SEC registration fee.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

There is no provision in Cincinnati Bell's Amended Articles of Incorporation by which an officer or director of Cincinnati Bell may be indemnified against any liability which he or she may incur in his or her capacity as such. However, Cincinnati Bell has indemnification provisions in its Amended Regulations which provide that Cincinnati Bell will, to the full extent permitted by Ohio law, indemnify all persons whom it may indemnify pursuant thereto.

Reference is made to sec.1701.13(E) of the Ohio Revised Code which provides for indemnification of directors and officers in certain circumstances.

Reference is made to the Form of Underwriting Agreement filed as Exhibit 1.1 hereto which contains provisions by which the Underwriters agree to indemnify Cincinnati Bell, each of its directors and each of its officers who signs this Registration Statement, with respect to information furnished by the Underwriters for use in this Registration Statement.

The foregoing references are necessarily subject to the complete text of the Amended Regulations, the statute and the Form of Underwriting Agreement referred to above and are qualified in their entirety by reference thereto.

Cincinnati Bell provides liability insurance for its directors and officers for certain losses arising from certain claims and charges, including claims and charges under the Securities Act, which may be made against such persons while acting in their capacities as directors and officers of Cincinnati Bell.

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ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBIT NO.	TITLE OF EXHIBIT
1.1(a)	Form of Underwriting Agreement relating to the DECS Offering.
1.1(b)	Form of Underwriting Agreement relating to the Pension Trust Offering.
4.1	Amended Articles of Incorporation (incorporated by reference to Exhibit (3)(a) to Cincinnati Bell's Form 10-K for 1989, File No. 1-8519).
4.2	Amended Regulations (incorporated by reference to Exhibit 3.2 to Cincinnati Bell's Registration Statement on Form S-3, File No. 2-96054).
4.3	Rights Agreement dated as of October 27, 1986 between Cincinnati Bell and Morgan Shareholder Services Trust Company, Rights Agent (incorporated by reference to Exhibit (1) to Form 8-A, File No. 1-8519).
4.4	First Amendment to Rights Agreement, dated as of October 3, 1988, between Cincinnati Bell and Morgan Shareholder Services Trust Company, Rights Agent (incorporated by reference to Exhibit (4)(b)(ii) to Form 10-K for 1988, File No. 1-8519).
4.5	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 (incorporated by reference to Exhibit 4(c)(iii) to Form 10-K for 1992, File No. 1-8519).
4.6	Indenture dated August 1, 1971 between Cincinnati Bell Telephone Company and Bank of New York, Trustee (formerly The Fifth Third Bank was trustee), in connection with \$50,000,000 of Cincinnati Bell Telephone Company Forty Year 7 3/8% Debentures, Due August 1, 2011. A copy of this Indenture is not being filed because it is similar in all material respects to the Indenture filed as Exhibit 4.5 above.
4.7	Indenture dated December 15, 1992 between Cincinnati Bell Inc., Issuer, and The Bank of New York, Trustee, in connection with \$100,000,000 of Cincinnati Bell Inc. 6.70% Notes Due December 15, 1997. A copy of this Indenture is not being filed because it is similar in all material respects to the Indenture filed as Exhibit 4(e)(ii) to Form 10-K for 1992, File No. 1-8519.
4.8	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 3/8% Notes Due June 15, 2023 (incorporated by reference to Exhibit 4-A to Form 8-K, date of report July 12, 1993, File No. 1-8519).
4.9	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 (incorporated by reference to Exhibit 4-A to Form 8-K, date of report October 27, 1993, File No. 1-8519). Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), no other instrument which defines the rights of holders of long-term debt of the registrant is filed herewith. In accordance with such regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
5.1	Opinion of Frost & Jacobs, counsel for Cincinnati Bell, as to the legality of the Common Shares being registered.*
23.1	Consent of Coopers & Lybrand L.L.P.
23.2	Consent of Frost & Jacobs is contained in opinion of counsel filed as Exhibit 5.1.*
24.1	Powers of Attorney executed by directors and officers.*

* Previously filed.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant

has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Cincinnati, State of Ohio on the 13th day of November, 1996.

CINCINNATI BELL INC.

By: /s/ Brian C. Henry

Brian C. Henry
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated below.

SIGNATURE	TITLE	DATE
----- JOHN T. LAMACCHIA* ----- John T. LaMacchia	Principal Executive Officer; President, Chief Executive Officer and Director	November 13, 1996

BRIAN C. HENRY*	Principal Accounting and Financial	November 13, 1996
-----	Officer; Executive Vice President	
Brian C. Henry	and Chief Financial Officer	
JOHN F. BARRETT*	Director	November 13, 1996

John F. Barrett		
PHILLIP R. COX*	Director	November 13, 1996

Phillip R. Cox		
WILLIAM A. FRIEDLANDER*	Director	November 13, 1996

William A. Friedlander		
ROBERT P. HUMMEL, M.D.*	Director	November 13, 1996

Robert P. Hummel, M.D.		
JAMES D. KIGGEN*	Director	November 13, 1996

James D. Kiggen		
JAMES F. ORR*	Director	November 13, 1996

James F. Orr		
CHARLES S. MECHEM, JR.*	Director and Chairman of the Board	November 13, 1996

Charles S. Mechem, Jr.		
MARY D. NELSON*	Director	November 13, 1996

Mary D. Nelson		
DAVID B. SHARROCK*	Director	November 13, 1996

David B. Sharrock		

*By /s/ BRIAN C. HENRY

November 13, 1996

Brian C. Henry
as attorney-in-fact and on his behalf
as Executive Vice President and
Chief Financial Officer

SALOMON INC

3,000,000 DECS(SM) (Debt Exchangeable for Common Stock(SM))*

_____ % Exchangeable Notes Due February 1, 2001
 (Subject to Exchange into Common Shares, par value \$1.00
 per share, of Cincinnati Bell Inc.)

UNDERWRITING AGREEMENT

New York, New York
 November __, 1996

SALOMON BROTHERS INC
 MORGAN STANLEY & CO. INCORPORATED

As Representatives of the several Underwriters
 Seven World Trade Center
 New York, New York 10048

Ladies and Gentlemen:

Salomon Inc, a Delaware corporation (the "Company"), proposes to sell to the underwriters named in Schedule I hereto (the "Underwriters"), for whom you (the "Representatives") are acting as representatives, an aggregate of 3,000,000 DECS(SM) (Debt Exchangeable for Common Stock(SM)) consisting of its _____ % Exchangeable Notes Due February 1, 2001 (the "Firm DECS"), to be issued under an indenture dated as of December 1, 1988, as supplemented from time to time, and as supplemented by the Ninth Indenture dated as of November __, 1996 (the indenture, dated as of December 1, 1988, as supplemented from time to time, the "Indenture"), between the Company and Citibank, N.A., as trustee (the "Trustee"). The Company also proposes to grant to the Underwriters an option to purchase up to an additional 450,000 DECS (the "Option DECS;" the Option DECS, together with the Firm DECS, being hereinafter called the "DECS") to cover over-allotments. At maturity (including as a result of acceleration or otherwise), the DECS may be mandatorily exchanged by the Company into Common Shares, par value \$1.00 per share (the "CBI Common Stock"), of Cincinnati Bell Inc., an Ohio corporation ("CBI"), (or, at the Company's option as provided in the Indenture, cash with an equal value) at the rate specified in the Final Prospectus.

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* Plus an option to purchase from Saloman Inc up to 450,000 additional DECS to cover over-allotments. "DECS" and "Debt Exchangeable for Common Stock" are service marks of Salomon Brothers Inc.

It is further understood by the parties hereto that the Cincinnati Bell Pension Plans Trust and CBI are concurrently entering into a separate underwriting agreement dated the date hereof (the "Pension Trust Underwriting Agreement") with the group of underwriters named therein, which provides for the sale by the Cincinnati Bell Pension Plans Trust to such underwriters of 2,000,000 shares of CBI Common Stock, plus up to an additional 300,000 shares of CBI Common Stock solely to cover over-allotments (the "Pension Trust Shares").

In connection with the foregoing and pursuant to the Registration Rights Agreement dated as of July 22, 1988 between CBI and the parties named therein and the letter agreements dated January 30, 1984 and January 29, 1988, respectively, between CBI and Bankers Trust Company (collectively, the

"Registration Rights Agreements"), CBI has filed with the Commission a registration statement with respect to (i) 3,000,000 shares (the "Firm Shares") of CBI Common Stock, in respect of the Firm DECS, plus an additional 450,000 shares (the "Option Shares;" the Option Shares, together with the Firm Shares, being hereinafter called the "Shares") of CBI Common Stock, in respect of the Option DECS, for delivery by the Company pursuant to the DECS and (ii) the Pension Trust Shares, which registration statement is referred to in Section 1(b)(i) of this Agreement.

Certain terms used in this Agreement are defined in paragraphs (a)(iii) and (b)(iv) of Section 1.

1. Representations and Warranties.

(a) Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1(a).

(i) The Company meets the requirements for use of Form S-3 under the Securities Act of 1933 (the "Act") and has filed with the Securities and Exchange Commission (the "Commission") a registration statement (file number 333-01807) on such Form, including a basic prospectus, for the registration under the Act of the offering and sale of the DECS. The Company may have filed one or more amendments thereto, and may have used a Preliminary Final Prospectus, each of which has previously been furnished to you. Such registration statement, as so amended, has become effective. The offering of the Securities is a delayed offering and, although the Basic Prospectus may not include all the information with respect to the DECS and the offering thereof required by the Act and the rules thereunder to be included in the Final Prospectus, the Basic Prospectus includes all such information required by the Act and the rules thereunder to be included therein as of the Effective Date. The Company will next file with the Commission pursuant to Rules 415 and 424(b)(2) or (5) a final supplement to the form of prospectus included in such registration statement relating to the DECS and the offering thereof. As filed, such final prospectus supplement shall include all required information with respect to the DECS and the offering thereof and, except to the extent the Representatives shall agree in writing to a modification,

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shall be in all substantive respects in the form furnished to the Representatives prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the Basic Prospectus and any Preliminary Final Prospectus) as the Company has advised the Representatives, prior to the Execution Time, will be included or made therein.

(ii) On the Effective Date, the Registration Statement did or will, and when the Final Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as hereinafter defined), the Final Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the respective rules thereunder; on the Effective Date, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; on the Effective Date and on the Closing Date, the Indenture did or will comply in all material respects with the requirements of the Trust Indenture Act and the rules

thereunder; and, on the Effective Date, the Final Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Final Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to (A) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee or (B) the information contained in or omitted from the Registration Statement or the Final Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to the Company (i) by or on behalf of any Underwriter through the Representatives or (ii) by or on behalf of CBI, in each case, specifically for inclusion in the Registration Statement or the Final Prospectus (or any supplement thereto).

(iii) The terms which follow, when used in this Agreement, shall have the meanings indicated. The term "Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Basic Prospectus" shall mean the prospectus referred to in paragraph (a)(i) of this Section 1 contained in the Registration Statement at the Effective Date. "Preliminary Final Prospectus" shall mean any preliminary prospectus

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supplement to the Basic Prospectus which describes the DECS and the offering thereof and is used prior to filing of the Final Prospectus. "Final Prospectus" shall mean the prospectus supplement relating to the DECS that is first filed pursuant to Rule 424(b) after the Execution Time, together with the Basic Prospectus. "Registration Statement" shall mean the registration statement referred to in paragraph (a)(i) of this Section 1, including incorporated documents, exhibits and financial statements, as amended at the Execution Time and, in the event any post-effective amendment thereto or a registration statement filed with respect to the DECS pursuant to Rule 462(b) (or post-effective amendment thereto) becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such registration statement (or amendment thereto) filed pursuant to Rule 462(b), respectively. The term "Registration Statement" shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A. "Rule 415," "Rule 424," "Rule 430A," "Rule 462" and "Regulation S-K" refer to such rules or regulation under the Act. "Rule 430A Information" means information with respect to the DECS and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Effective Date of the Registration Statement or the issue date of the Basic Prospectus, such Preliminary Final Prospectus or the Final Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Effective Date of the Registration Statement or the issue date of the Basic Prospectus, such Preliminary Final Prospectus or the Final Prospectus, as the case may

be, deemed to be incorporated therein by reference.

(b) Representations and Warranties of CBI. CBI represents and warrants to, and agrees with, the Company and each Underwriter as set forth below in this Section 1(b).

(i) CBI meets the requirements for use of Form S-3 under the Act and has filed with the Commission a registration statement (file number 333-13699) on such Form, including a related preliminary prospectus, for the registration under the Act of the offering and sale of the Shares in connection with the offering and sale of the DECS and an alternate form of related preliminary prospectus, for registration under the Act of the offering and sale of the Pension Trust Shares. CBI may have filed one or more amendments thereto, including the related preliminary prospectuses, each of which amendments has previously been

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furnished to the Company and the Representatives. CBI will next file with the Commission one of the following: (A) prior to effectiveness of such registration statement, a further amendment to such registration statement, including the final forms of such prospectuses, (B) such final prospectuses in accordance with Rules 430A and 424(b)(1) or (4) or (C) such final prospectuses in accordance with Rules 415 and 424(b)(2) or (5). In the case of clause (B), CBI has included in such registration statement, as amended at the CBI Effective Date, all information (other than CBI Rule 430A Information) required by the Act and the rules thereunder to be included in such prospectuses with respect to the Shares, the Pension Trust Shares and the offering thereof. As filed, such amendment and final forms of prospectuses, or such final prospectuses, shall contain all CBI Rule 430A Information, together with all other such required information, with respect to the Shares, the Pension Trust Shares and the offering thereof and, except to the extent the Company and the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to the Company and the Representatives prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary CBI Prospectus) as CBI has advised the Company and the Representatives, prior to the Execution Time, will be included or made therein. If the Registration Statement contains the undertaking specified by Regulation S-K Item 512(a), the Registration Statement, at the Execution Time, meets the requirements to Rule 415(a)(1)(x).

(ii) On the CBI Effective Date, the CBI Registration Statement did or will, and when the CBI Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date, the CBI Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act, the Exchange Act and the respective rules thereunder; on the CBI Effective Date, the CBI Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the CBI Effective Date, the CBI Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the CBI Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that CBI makes no representations or warranties as to the information contained in or omitted from the CBI Registration Statement or the CBI Prospectus (or any supplement thereto) in reliance upon and

in conformity with information furnished in writing to CBI by or on behalf of any Underwriter through the

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Representatives specifically for inclusion in the CBI Registration Statement or the CBI Prospectus (or any supplement thereto).

(iii) On the Effective Date, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, the Final Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Final Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the foregoing representations shall apply only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by CBI specifically for inclusion therein.

(iv) The terms which follow, when used in this Agreement, shall have the meanings indicated. The term "CBI Effective Date" shall mean each date that the CBI Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Preliminary CBI Prospectus" shall mean any preliminary prospectus referred to in paragraph (b) (i) of this Section 1 and any preliminary prospectus included in the CBI Registration Statement at the CBI Effective Date that omits CBI Rule 430A Information. "CBI DECS Prospectus" shall mean the prospectus relating to the Shares that is used in connection with the offering and sale of the DECS, that is delivered with the Final Prospectus and that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of such final prospectus relating to the Shares included in the CBI Registration Statement at the CBI Effective Date. "CBI Pension Trust Prospectus" shall mean the prospectus relating to the Pension Trust Shares that is used in connection with the offering and sale of the Pension Trust Shares and that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of such final prospectus included in the CBI Registration Statement at the CBI Effective Date. "CBI Prospectus" shall mean the CBI DECS Prospectus and the CBI Pension Trust Prospectus. "CBI Registration Statement" shall mean the registration statement referred to in paragraph (b) (i) of this Section 1, including incorporated documents, exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or a registration statement filed with respect to the Shares pursuant to Rule 462(b) (or post-effective amendment thereto) becomes effective prior to the Closing Date, shall also mean such registration

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statement as so amended or such registration (or amendment thereto)

filed pursuant to Rule 462(b), respectively. The term "CBI Registration Statement" shall include any CBI Rule 430A Information deemed to be included therein at the CBI Effective Date as provided by Rule 430A. "CBI Rule 430A Information" means information with respect to the Shares and the Pension Trust Shares permitted to be omitted from the CBI Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the CBI Registration Statement, any Preliminary CBI Prospectus or the CBI Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the CBI Effective Date or the issue date of such Preliminary CBI Prospectus or the CBI Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the CBI Registration Statement, any Preliminary CBI Prospectus or the CBI Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the CBI Effective Date or the issue date of any Preliminary CBI Prospectus or the CBI Prospectus, as the case may be, deemed to be incorporated therein by reference.

(v) CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(vi) Each subsidiary of CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(vii) All of the outstanding shares of capital stock of each subsidiary of CBI have been duly and validly authorized and issued, are fully paid and nonassessable and are owned beneficially by CBI free and clear of any security interests, liens, encumbrances, equities or claims.

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(viii) This Agreement has been duly authorized, executed and delivered by CBI.

(ix) CBI's authorized equity capitalization consists of 240,000,000 shares of CBI Common Stock and 5,000,000 preferred shares; and the authorized capital stock of CBI conforms as to legal matters to the description thereof contained or incorporated by reference in the CBI Prospectus.

(x) The shares of CBI Common Stock (including the Shares) outstanding have been duly authorized and are validly issued, fully paid and non-assessable.

(xi) The shares of CBI Common Stock (including the Shares)

have been duly authorized for listing on the New York Stock Exchange (the "NYSE") and the Cincinnati Stock Exchange (the "CSE").

(xii) Coopers & Lybrand L.L.P, whose reports appear in the documents incorporated by reference in the CBI Registration Statement, are independent public accountants with respect to CBI and its subsidiaries as required by the Act and the rules and regulations thereunder.

(xiii) The historical consolidated financial statements (including the related notes) included or incorporated by reference in the CBI Registration Statement present fairly the consolidated financial position of CBI and its consolidated subsidiaries as of the dates indicated and the results of operations and changes in financial condition for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis through the periods involved; and the supporting schedules included or incorporated by reference in the CBI Registration Statement present fairly the information required to be stated therein. The selected historical consolidated financial data included in the CBI Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the related historical consolidated financial statements included or incorporated by reference in the CBI Registration Statement.

(xiv) The execution and delivery by CBI of, and the performance by CBI of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of CBI or any agreement or other instrument binding upon CBI or any of its subsidiaries that is material to CBI and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over CBI or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by CBI of its obligations under this Agreement, except such as may

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be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the DECS and the distribution of the Shares pursuant to the DECS.

(xv) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of CBI and its subsidiaries, taken as a whole, from that set forth in the CBI Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(xvi) There is no legal or governmental proceeding pending or threatened to which CBI or any of its subsidiaries is a party or to which any of the properties of CBI or any of its subsidiaries is subject that (A) has adversely affected, or would reasonably be likely to adversely affect, the execution by CBI of this Agreement, the performance by CBI of any of its obligations hereunder or the consummation of any of the transactions contemplated in this Agreement, (B) except as disclosed in the CBI Prospectus, has had or is reasonably likely to have, singularly or in the aggregate with all such actions, suits, proceedings or investigations, a material adverse effect on CBI and its subsidiaries, taken as a whole, or (C) is required to be described in the CBI Registration Statement or the CBI Prospectus and is not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the CBI

Registration Statement or the CBI Prospectus or to be filed as exhibits to the CBI Registration Statement that are not described or filed as required.

(xvii) CBI is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(xviii) CBI and its subsidiaries (A) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(xix) In the ordinary course of its business, CBI conducts a periodic review of the effect of Environmental Laws on the business, operations and

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properties of CBI and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, CBI has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(xx) There are no contracts, agreements or understandings between CBI and any person granting such person the right to require CBI to file a registration statement under the Act with respect to any securities of CBI (other than the Registration Rights Agreement) or to require CBI to include such securities with the Shares registered pursuant to the CBI Registration Statement.

(xxi) CBI has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of CBI to facilitate the sale or resale of the DECS, the Shares or the Pension Trust Shares.

(2) Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of \$_____ per DECS, plus accrued interest, if any, on the DECS from the issue date of the DECS to the Closing Date, the number of DECS set forth opposite such Underwriter's name in Schedule I hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to 450,000 Option DECS at the same purchase price per DECS, plus accrued interest, if any, from the issue date of the DECS to the date of the closing for the

purchase, as the Underwriters shall pay for the Firm DECS. Said option may be exercised only to cover over-allotments in the sale of the Firm DECS by the Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Final Prospectus upon written or telegraphic notice by the Underwriters to the Company setting forth the number of Option DECS as to which the Underwriters are exercising the option and the settlement date. Delivery of certificates for the Option DECS, and payment therefor, shall be made as provided in Section 3 hereof. The number of Option DECS to be purchased by each Underwriter shall be the same percentage of the total number of Option DECS to be purchased by the several Underwriters as such Underwriter is purchasing of the Firm DECS, subject to such adjustments as the Representatives in their absolute discretion shall make to eliminate any fractional shares.

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(3) Delivery and Payment. Delivery of and payment for the Firm DECS (and the Option DECS (if and to the extent the option provided for in Section 2(b) hereof shall have been exercised on or before the first business day prior to the Closing Date)) shall be made at 10:00 AM, New York City time, on November __, 1996, or such later date (not later than November __, 1996) as the Representatives shall designate, which date and time may be postponed by agreement between the Representatives and the Company or as provided in Section 9 hereof (such date and time of delivery and payment for the Firm DECS being herein called the "Closing Date"). Delivery of the DECS shall be made on the instructions of the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of the Company in immediately available funds. Delivery of, and payment for, the DECS shall be made through the facilities of The Depository Trust Company. Certificates for the DECS shall be registered in such names and in such denominations as the Representatives shall request not less than one full business day in advance of the Closing.

The Company agrees to have the DECS available for inspection, checking and packaging by the Representatives in New York, New York, not later than 1:00 PM on the business day prior to the Closing Date.

If the option provided for in Section 2(b) hereof is exercised after the first full business day prior to the Closing Date, the Company will deliver (at the expense of the Company) to the Representatives, at Seven World Trade Center, New York, New York, on the date specified by the Representatives in the notice described in Section 2(b), or such later date (not later than December __, 1996) specified by the Representatives, certificates for the Option DECS in such names and denominations as the Representatives shall have requested against payment of the purchase price thereof to or upon the order of the Company in immediately available funds. If settlement for the Option DECS occurs after the Closing Date, the Company will deliver to the Representatives on the settlement date for the Option DECS, and the obligation of the Underwriters to purchase the Option DECS shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

(4) Offering by the Underwriters. It is understood that the several Underwriters propose to offer the DECS for sale to the public as set forth in the Final Prospectus.

(5) Agreements.

(a) Agreements of the Company. The Company agrees with the several Underwriters that:

(i) The Company will use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any

amendment thereof, to become effective. Prior to the termination of the offering of the DECS, the Company will not file any amendment of the Registration Statement or

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supplement (including the Final Prospectus or any Preliminary Final Prospectus) to the Basic Prospectus unless the Company has furnished the Representatives a copy for their review prior to filing and will not file any such proposed amendment or supplement to which the Representatives reasonably object. Subject to the foregoing sentence, the Company will cause the Final Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. The Company will promptly advise the Representatives (A) when the Registration Statement, if not effective at the Execution Time, and any amendment thereof, shall have become effective, (B) when the Final Prospectus, and any supplement thereto, shall have been filed with the Commission pursuant to Rule 424(b), (C) when, prior to termination of the offering of the DECS, any amendment to the Registration Statement shall have been filed or become effective, (D) of any request by the Commission for any amendment of the Registration Statement or supplement to the Final Prospectus or for any additional information, (E) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (F) of the receipt by the Company of any notification with respect to the suspension of the qualification of the DECS or the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(ii) If, at any time when a prospectus relating to the DECS is required to be delivered under the Act in the opinion of counsel for the Underwriters, any event occurs or condition exists as a result of which the Final Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if, in the opinion of counsel to the Underwriters, it shall be necessary to amend the Registration Statement or supplement the Final Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, the Company promptly will notify the Representatives and prepare and file with the Commission, subject to the second sentence of paragraph (a)(i) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance.

(iii) As soon as practicable, the Company will make generally available to its security holders and to the Representatives an earnings statement or statements of the Company and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

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(iv) The Company will furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including exhibits thereto) and to each other

Underwriter a copy of the Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of any Preliminary Final Prospectus and the Final Prospectus and any supplement thereto as the Representatives may reasonably request. The Company will pay the expenses of printing or other production of all documents relating to the offering, other than the CBI Registration Statement, each CBI Preliminary Prospectus and the CBI Prospectus.

(v) The Company will arrange for the qualification of the DECS and, with the cooperation of CBI, of the Shares for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the DECS, will arrange for the determination of the legality of the DECS and of the Shares for purchase by institutional investors and will pay the fee of the National Association of Securities Dealers, Inc., in connection with its review, if any, of the offering.

(vi) The Company will not, until the first business day following the Closing Date, without prior written consent of the Representatives, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by the Company other than the DECS.

(b) Agreements of CBI. CBI agrees with the Company and the several Underwriters that:

(i) CBI will use its best efforts to cause the CBI Registration Statement, if not effective at the Execution Time, and any amendment thereof to become effective. Prior to the termination of the offering of the DECS, CBI will not file any amendment of the CBI Registration Statement or supplement to the CBI Prospectus unless CBI has furnished the Representatives a copy for their review prior to filing and will not file any such proposed amendment or supplement to which the Company or the Representatives reasonably object. Subject to the foregoing sentence, if the CBI Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the CBI Prospectus is otherwise required under Rule 424(b), CBI will cause the CBI Prospectus, properly completed, and any supplement thereof to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. CBI will promptly advise the Representatives (A) when the CBI Registration Statement, if not effective at the Execution Time, and any

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amendment thereof, shall have become effective, (B) when the CBI Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (C) when, prior to termination of the offering of the DECS, any amendment to the CBI Registration Statement shall have been filed or become effective, (D) of any request by the Commission for any amendment of the CBI Registration Statement or supplement to the CBI Prospectus or for any additional information, (E) of the issuance by the Commission of any stop order suspending the effectiveness of the CBI Registration Statement or the institution or threatening of any proceeding for that purpose and (F) of the receipt by CBI of any notification with respect to the suspension of the qualification of the DECS or the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. CBI will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(ii) If, at any time when a prospectus relating to the CBI Common Stock is required to be delivered under the Act (including in respect of the offering and sale of the DECS) in the opinion of counsel for the Company or the Underwriters, any event occurs or condition exists as a result of which the CBI Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if, in the opinion of counsel for the Company or the Underwriters, it shall be necessary to amend the CBI Registration Statement or supplement the CBI Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, CBI (A) immediately will notify the Company and the Representatives of such event or necessity and (B) promptly will prepare and file with the Commission, subject to the second sentence of paragraph (b) (i) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance.

(iii) As soon as practicable, CBI will make generally available to its security holders, to the Company and to the Representatives an earnings statement or statements of CBI and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(iv) CBI will furnish to the Company, the Representatives and counsel for the Company and the Underwriters, without charge, signed copies of the CBI Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the CBI Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act (including in respect of the offering and sale of the DECS), as many copies of each Preliminary CBI Prospectus, the CBI Prospectus and any supplement thereto as the Company or the Representatives may reasonably request. CBI will pay the

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expenses of printing or other production of the CBI Registration Statement, each Preliminary CBI Prospectus and the CBI Prospectus.

(v) CBI will cooperate with the Company for purposes of arranging the qualification of the DECS and the Shares for sale under the laws of such jurisdictions as the Representatives may designate and will maintain such qualifications in effect so long as required for the distribution of the DECS and the Shares.

(vi) Without the prior written consent of the Representatives on behalf of the Underwriters, CBI will not, during the period ending 90 days after the date of the CBI Prospectus, (A) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, or announce the offering of, any shares of CBI Common Stock or any securities convertible into or exercisable or exchangeable for CBI Common Stock (whether such shares or any such securities are now owned by CBI or are hereafter acquired) or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the CBI Common Stock, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of CBI Common Stock or such other securities, in cash or otherwise; provided, however, that CBI may issue, or grant options for, shares of CBI Common Stock pursuant to any stock plan for employees or directors or any qualified employee benefit plan in effect on the date

of the CBI Prospectus, or pursuant to any stock options outstanding on the date of the CBI Prospectus, and any defined contribution qualified employee benefit plan in effect on the date of the CBI Prospectus may sell shares of CBI Common Stock to satisfy plan liquidity needs. In addition, CBI agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the CBI Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of CBI Common Stock or any security convertible into or exercisable or exchangeable for CBI Common Stock. CBI further agrees to establish an internal mechanism for monitoring and ensuring compliance by each executive officer and director with the aggregate limit on sales of CBI Common Stock by such persons set forth in the proviso to the second paragraph of the form of letter agreement to be executed by such persons attached hereto as Exhibit A.

(vii) CBI will furnish to the Trustee copies of CBI's annual report to shareholders and reports on Forms 10-K and 10-Q as soon as practicable after such reports are required to be filed with the Commission and in sufficient quantities for transmission to holders of the DECS.

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(viii) CBI will take such actions as may be reasonably necessary to comply with the rules and regulations of the NYSE and the CSE in respect of the offering of the Shares in connection with the DECS.

(6) Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Firm DECS and the Option DECS, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of each of the Company and CBI contained herein as of the Execution Time and the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of the Company and CBI made in any certificates pursuant to the provisions hereof, to the performance by each of the Company and CBI of its obligations hereunder and to the following additional conditions:

(a) If the Registration Statement or the CBI Registration Statement has not become effective prior to the Execution Time, unless the Representatives agree in writing to a later time, each such registration statement will become effective not later than (i) 6:00 PM New York City time, on the date of determination of the public offering price of the DECS, if such determination occurred at or prior to 3:00 PM New York City time on such date or (ii) 12:00 Noon New York City time on the business day following the date of determination of the public offering price of the DECS, if such determination occurred after 3:00 PM New York City time on such date; if filing of the Final Prospectus or the CBI Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), such Final Prospectus or CBI Prospectus, and any such supplement, shall have been filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of either the Registration Statement or the CBI Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) The Company shall have furnished to the Representatives the opinion of Cravath, Swaine & Moore, counsel for the Company, or Robert H. Mundheim, counsel for the Company, dated the Closing Date, to the effect, in aggregate, that:

(i) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate

power and authority to own its properties and conduct its business as described in the Final Prospectus;

(ii) the Company's authorized equity capitalization is as set forth in the Final Prospectus; the DECS conform in all material respects to the description thereof contained in the Final Prospectus;

(iii) the Indenture has been duly authorized, executed and delivered, has been duly qualified under the Trust Indenture Act and constitutes a legal, valid and binding instrument enforceable against the Company in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium

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or similar laws affecting creditors' rights generally from time to time in effect); and the DECS have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters pursuant to this Agreement, will constitute legal, valid and binding obligations of the Company entitled to the benefits of the Indenture;

(iv) to the best knowledge of such counsel, there is no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body or any arbitrator against or involving the Company or any of its subsidiaries, of a character required to be disclosed in the Registration Statement which is not adequately disclosed in the Final Prospectus; and the statements included or incorporated by reference in the Final Prospectus describing any legal proceedings relating to the Company fairly summarize such matters;

(v) the Registration Statement has become effective under the Act; any required filing of the Basic Prospectus, any Preliminary Final Prospectus and the Final Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened, and the Registration Statement and the Final Prospectus (except for the financial statements and other information of an accounting or financial nature contained therein as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act, the Exchange Act and the Trust Indenture Act and the respective rules thereunder; and such counsel has no reason to believe that at the Effective Date, the Execution Date or the Closing Date the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Final Prospectus includes any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the opinions and beliefs expressed pursuant to this paragraph (v) shall not relate to the CBI Registration Statement, the CBI Prospectus (together with any supplement thereto) or that part of the Registration Statement constituting the Statement of Eligibility and Qualification (Form T-1) and certain other information with respect to CBI, Western & Southern and Waslic included in the Registration Statement or Prospectus, as to which such counsel need express no opinion or belief;

(vi) this Agreement has been duly authorized, executed and delivered by the Company;

(vii) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation of the transactions contemplated herein, except such as have been obtained under the Act and such as

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may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the DECS and the Shares by the Underwriters as contemplated by this Agreement and such other approvals (specified in such opinion) as have been obtained;

(viii) none of the issue and sale of the DECS, the consummation of any other of the transactions herein contemplated or the fulfillment of the terms hereof will conflict with, result in a breach of, or constitute a default under the charter or by-laws of the Company or the terms of any indenture or other agreement or instrument known to such counsel and to which the Company or any of its subsidiaries is a party or bound, or any judgment, order or regulation known to such counsel to be applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over the Company or any of its subsidiaries; and

(ix) no holders of securities of the Company have rights to the registration of such securities under the Registration Statement.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of New York, the General Corporation Law of the State of Delaware or the Federal laws of the United States, to the extent deemed proper and specified in such opinion, upon the opinion of other counsel of good standing believed to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent deemed proper, on certificates of responsible officers of the Company and public officials. References to the Final Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Representatives shall have received from Cleary, Gottlieb, Steen & Hamilton, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the DECS, the Indenture, the Registration Statement, the Final Prospectus (together with any supplement thereto), the Shares, the CBI Registration Statement, the CBI Prospectus (together with any supplement thereto) and other related matters as the Representatives may reasonably require, and the Company and CBI shall have furnished to such counsel such documents as such counsel requests for the purpose of enabling such counsel to pass upon such matters.

(d) The Company shall have furnished to the Representatives a certificate of the Company, signed by the Senior Vice President and by the principal financial or accounting officer of the Company, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Final Prospectus, any supplement to the Final Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing

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Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the Final Prospectus (exclusive of any supplement thereto), there has been no material adverse change in the condition (financial or other), earnings, business, operations or properties of the Company and its subsidiaries, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Prospectus (exclusive of any supplement thereto).

(e) At the Execution Time, Arthur Andersen LLP shall have furnished to the Representatives a letter or letters (which may refer to letters previously delivered to the Representatives), dated as of the Execution Time, in form and substance satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules and pro forma financial statements, if any, included or incorporated in the Registration Statement and the Final Prospectus and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest unaudited financial statements made available by the Company and its subsidiaries; their limited review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited interim financial information as indicated in their reports incorporated in the Registration Statement and the Final Prospectus; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and executive and audit committees of the Company and SBI; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to the date of the most recent audited financial statements

included or incorporated in the Final Prospectus, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements included or incorporated in the Registration Statement and the Final Prospectus do not comply in form in all material respects with applicable accounting requirements and with the published rules and regulations of the Commission with respect to financial statements included or incorporated in quarterly reports on Form 10-Q under the Exchange Act; or said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis

substantially consistent with that of the audited financial statements included or incorporated in the Registration Statement and the Final Prospectus;

(2) with respect to the period subsequent to the date of the most recent financial statements (other than any capsule information), audited or unaudited, included or incorporated in the Registration Statement and the Final Prospectus, there were any material changes, at a specified date not more than three business days prior to the date of the letter, in the consolidated long-term debt or capital stock of the Company and its subsidiaries or decreases in the stockholders' equity of the Company and its subsidiaries as compared with the amounts shown on the most recent consolidated balance sheet included or incorporated in the Registration Statement and the Final Prospectus, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the Representatives;

(3) the amounts included in any unaudited "capsule" information included or incorporated in the Registration Statement and the Final Prospectus do not agree with the amounts set forth in the unaudited financial statements for the same periods or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited financial statements included or incorporated in the Registration Statement and the Final Prospectus.

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and the Final Prospectus and in Exhibit 12 to the Registration Statement, including the information included or incorporated in Items 1, 2, 6, 7 and 11 of the Company's Annual Report on

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Form 10-K, incorporated in the Registration Statement and the Final Prospectus, and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated in the Company's Quarterly Reports on Form 10-Q, incorporated in the Registration Statement and the Final Prospectus, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation; and

(iv) if unaudited pro forma financial statements are included or incorporated in the Registration Statement and the Final Prospectus, on the basis of a reading of the unaudited pro forma financial statements included or incorporated in the Registration Statement and the Final Prospectus (the "pro forma financial statements"), carrying out certain specified procedures, inquiries of certain officials of the Company who have responsibility for financial and accounting matters, and proving the arithmetic accuracy of the application of the pro forma adjustments to the historical amounts in the pro forma financial statements, nothing came to their attention which caused them to believe that the pro forma financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the pro forma adjustments have not

been properly applied to the historical amounts in the compilation of such statements.

References to the Final Prospectus in this paragraph (e) include any supplement thereto to the date of the letter.

In addition, at the Closing Date, Arthur Andersen LLP shall have furnished to the Representatives a letter or letters, dated as of the Closing Date, in form and substance satisfactory to the Representatives, to the effect set forth above.

(f) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Final Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (e) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or other), earnings, business, operations or properties of the Company and its subsidiaries the effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the DECS as contemplated by the Registration Statement (exclusive of any amendment thereof) and the Final Prospectus (exclusive of any supplement thereto).

(g) Subsequent to the Execution Time, there shall not have been any decrease in the ratings of any of the Company's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act) or

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any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(h) CBI shall have furnished to the Company and the Representatives the opinion of Frost & Jacobs, counsel for CBI, dated as of the Closing Date, to the effect that:

(i) CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which CBI has informed such counsel that the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole;

(ii) each subsidiary of CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which CBI has informed such counsel that the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole;

(iii) all the outstanding shares of capital stock of each subsidiary of CBI have been duly and validly authorized and issued and

are fully paid and nonassessable, and, except as otherwise set forth in the CBI Prospectus, all outstanding shares of capital stock of each such subsidiary are owned by CBI either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances;

(iv) this Agreement has been duly authorized, executed and delivered by CBI;

(v) CBI's authorized equity capitalization consists of 240,000,000 shares of CBI Common Stock and 5,000,000 preferred shares; and the authorized capital stock of CBI conforms as to legal matters to the description thereof contained or incorporated by reference in the CBI Prospectus;

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(vi) the shares of CBI Common Stock (including the Shares) outstanding have been duly authorized and are validly issued, fully paid and non-assessable;

(vii) the shares of CBI Common Stock (including the Shares) have been duly authorized for listing on the NYSE and the CSE;

(viii) the execution and delivery by CBI of, and the performance by CBI of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of CBI or, to the best of such counsel's knowledge, any agreement or other instrument binding upon CBI or any of its subsidiaries that is material to CBI and its subsidiaries, taken as a whole, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over CBI or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by CBI of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the DECS and the distribution of the Shares pursuant to the DECS;

(ix) the statements (A) in the CBI DECS Prospectus under the captions "Business - Cincinnati Bell Telephone Company - Regulation," (third and fourth paragraphs), "Business - Other Businesses" (fourth paragraph), "Certain Relationships" and "Description of Capital Stock" and (B) in the CBI Registration Statement in Item 15, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(x) after due inquiry, such counsel does not know of any legal or governmental proceedings pending or threatened to which CBI or any of its subsidiaries is a party or to which any of the properties of CBI or any of its subsidiaries is subject that are required to be described in the CBI Registration Statement or the CBI Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the CBI Registration Statement or the CBI Prospectus or to be filed as exhibits to the CBI Registration Statement that are not described or filed as required;

(xi) CBI is not an "investment company" as such term is

defined in the Investment Company Act of 1940, as amended;

(xii) the CBI Registration Statement has become effective under the Act; any required filing of the CBI Prospectus, and any supplements thereto,

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pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and to the best knowledge of such counsel, no stop order suspending the effectiveness of the CBI Registration Statement has been issued, and no proceedings for that purpose have been instituted or threatened;

(xiii) such counsel (A) is of the opinion that the CBI Registration Statement and CBI Prospectus (except for financial statements and schedules and other financial and statistical data included therein as to which such counsel need not express any opinion) comply as to form in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (B) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) the CBI Registration Statement and the prospectus included therein at the time the CBI Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (C) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) the CBI Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xiv) no holders of securities of CBI have rights to the registration of such securities under the CBI Registration Statement.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of Ohio or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of CBI and public officials. References to the CBI Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(i) CBI shall have furnished to the Company and the Representatives a certificate of CBI, signed by the Chairman of the Board or the President and the principal financial or accounting officer of CBI, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the CBI Registration Statement, the CBI Prospectus, any supplements to the CBI Prospectus and this Agreement and that:

(i) the representations and warranties of CBI in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and CBI has complied with all the

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agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the CBI Registration Statement has been issued and no proceedings for that purpose have been instituted or, to CBI's knowledge, threatened; and

(iii) since the date of the most recent financial statements included in the CBI Prospectus (exclusive of any supplement thereto), there has been no material adverse change in the condition (financial or other), earnings, business, operations or properties of CBI and its subsidiaries, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the CBI Prospectus (exclusive of any supplement thereto).

(j) At the Execution Time and at the Closing Date, Coopers & Lybrand L.L.P., accountants for CBI, shall have furnished to the Company and the Representatives a letter or letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Company and the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated in the CBI Registration Statement and the CBI Prospectus and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest unaudited financial statements made available by CBI and its subsidiaries; their limited review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited interim financial information as indicated in their reports incorporated in the CBI Registration Statement and CBI Prospectus; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and Executive, Audit, Finance and Benefits and Compensation committees of CBI and its subsidiaries; and inquiries of certain officials of CBI who have responsibility for financial and accounting matters of CBI and its subsidiaries as to transactions and events subsequent to December 31, 1995, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements included or incorporated in the CBI Registration Statement and the CBI Prospectus do not comply

in form in all material respects with applicable accounting requirements and with the published rules and regulations of the Commission with respect to financial statements included or incorporated in quarterly reports on Form 10-Q under the Exchange Act; or said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated in the CBI Registration Statement and the CBI Prospectus; or

(2) with respect to the period subsequent to December 31, 1995, there were any changes, at a specified date not more than three business days prior to the date of the letter, in the long-term debt of CBI and its subsidiaries or capital stock of CBI or any decreases in the shareowners' equity of CBI as compared with the amounts shown on the December 31, 1995 consolidated balance sheet included or incorporated in the CBI Registration Statement and the CBI Prospectus, or for the period from January 1, 1996 to such specified date there were any decreases, as compared with the corresponding period in the preceding year in revenues, operating income or income before income taxes, extraordinary charges and cumulative effect of change in accounting principles or in the total or per-share amounts of net income, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by CBI as to the significance thereof unless said explanation is not deemed necessary by the Company and the Representatives; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of CBI and its subsidiaries) set forth or incorporated in the CBI Registration Statement and the CBI Prospectus, including the information set forth under the captions "Prospectus Summary," "Risk Factors," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business Outlook," "Business" and "Description of Capital Stock" in the CBI Prospectus, the information included or incorporated in Items 1, 2, 6, 7, 8 and 11 of CBI's Annual Report on Form 10-K, incorporated in the CBI Registration Statement and the CBI Prospectus, the information included in the portions of CBI's Proxy Statement dated March 14, 1996 incorporated in the CBI Registration Statement and the CBI Prospectus and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated in CBI's Quarterly Reports on Form 10-Q, incorporated in the CBI Registration Statement and the CBI

Prospectus, agrees with the accounting records of CBI and its subsidiaries, excluding any questions of legal interpretation.

References to the CBI Prospectus in this paragraph (j) include any supplement thereto at the date of the letter.

(k) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the CBI Registration Statements (exclusive of any amendment thereof) and the CBI Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (j) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or other), earnings, business, operations or properties of CBI and their respective subsidiaries the effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the DECS as contemplated by the Registration Statement (exclusive of any amendment thereof) and the Final Prospectus (exclusive of any supplement thereto).

(l) Subsequent to the Execution Time, there shall not have been any decrease in the ratings of any of CBI's debt securities by any "nationally

recognized statistical rating organization" (as defined for purpose of Rule 436(g) under the Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(m) At the Execution Time, CBI shall have furnished to the Representatives a letter substantially in the form of Exhibit A hereto from each executive officer and director of CBI and from Waslic Company II and The Western and Southern Life Insurance Company addressed to the Representatives, relating to sales and certain other dispositions of shares of CBI Common Stock or certain other securities, and such letter agreements shall be in full force and effect on the Closing Date.

(n) On or prior to the Closing Date, the Company and Waslic Company II shall have consummated the purchase and sale by the Company from Waslic Company II of certain exchangeable notes of Waslic Company II pursuant to the purchase agreement dated the date of this Agreement between the Company, Waslic Company II and The Western and Southern Life Insurance Company.

(o) Prior to the Closing Date, each of the Company and CBI shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and

certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing.

7. Expenses. (a) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the DECS under the Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, each Preliminary Final Prospectus, the Final Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the DECS to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the DECS under state securities laws and all expenses in connection with the qualification of the DECS for offer and sale under state securities laws as provided in Section 5(a)(vi) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the DECS by the National Association of Securities Dealers, Inc., if any, (v) all costs and expenses incident to listing the DECS on the NYSE, (vi) the cost of printing certificates representing the DECS, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of

the offering of the DECS, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, and (ix) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section.

(b) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, CBI agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of CBI's counsel and CBI's accountants in connection with the registration and delivery of the Shares under the Act and all other fees or expenses in connection with the preparation and filing of the CBI Registration Statement, each Preliminary CBI Prospectus, the CBI Prospectus and amendments and supplements to any of the foregoing,

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including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses incident to listing the Shares on the NYSE and the CSE, (iii) the cost of printing certificates representing the Shares, (iv) the costs and charges of any transfer agent, registrar or depository, (v) the costs and expenses of CBI relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of CBI, travel and lodging expenses of the representatives and officers of CBI and any such consultants, and the cost of any aircraft chartered in connection with the road show, and (vi) all other costs and expenses incident to the performance of the obligations of CBI hereunder for which provision is not otherwise made in this Section.

(c) If the sale of the DECS provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company or CBI to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the DECS.

(d) The provisions of this Section 7 shall not supersede or otherwise affect any agreement that the Company and CBI may otherwise have for the allocation of such expenses among themselves.

8. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof, or in the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, or in any amendment thereof or supplement

thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made (i) therein in reliance upon and in conformity with written information furnished to the Company (A) by or on

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behalf of any Underwriter through the Representatives specifically for inclusion therein or (B) by or on behalf of CBI specifically for inclusion therein or (ii) in the CBI Prospectus. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) The Company agrees to indemnify and hold harmless CBI, each of its directors, each of its officers who signs the CBI Registration Statement and each person who controls CBI within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the CBI Registration Statement as originally filed or in any amendment thereof, or in the Preliminary CBI Prospectus or the CBI Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to CBI by or on behalf of the Company specifically for inclusion therein, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action. The indemnity agreement shall be in addition to any liability which the Company may otherwise have.

(c) CBI agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act and to indemnify and hold harmless the Company, the directors, officers, employees and agents of the Company and each person who controls the Company within the meaning of either the Act or the Exchange Act, in either case, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the CBI Registration Statement as originally filed or in any amendment thereof, or in any Preliminary CBI Prospectus or the CBI Prospectus, or in any amendment thereof or supplement thereto, or (ii) the Registration Statement as originally filed or in any amendment thereof, or in any Preliminary Final Prospectus or the Final Prospectus, or in any amendment thereto or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in the documents referred to in clause (i) or (ii) above a material fact required to be stated in the documents referred to in clause (i) or (ii) above or necessary to make the statements therein not misleading, but in the case of the documents referred to in clause (ii) only to the extent that the untrue statement or

alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of CBI specifically for

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inclusion therein, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that CBI shall not be liable under the indemnity agreement in this paragraph (c) to the extent that any such loss, claim, damage or liability arises out of or is based on any such untrue statement or alleged untrue statement or omission or alleged omission made in the documents referred to in clause (i) above in reliance upon and in conformity with written information furnished to CBI by or on behalf of the Company specifically for inclusion therein or by or on behalf of any Underwriter through the Representatives specifically for inclusion therein. This indemnity agreement will be in addition to any liability which CBI may otherwise have.

(d) Each Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity in paragraph (a) from the Company to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have.

(e) Each Underwriter severally agrees to indemnify and hold harmless CBI, each of its directors, each of its officers who signs the CBI Registration Statement and each person who controls CBI within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity in paragraph (c) from CBI to each Underwriter, but only with reference to written information relating to such Underwriter furnished to CBI by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have.

(f) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a), (b), (c), (d) or (e) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a), (b), (c), (d) or (e) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party

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or parties except as set forth below); provided, however, that such counsel

shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (A) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (B) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (C) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (D) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(g) In the event that the indemnity provided in paragraph (a), (b), (c), (d) or (e) of this Section 8 is unavailable to or insufficient to hold harmless any indemnified party for any reason, the Company, CBI and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Company, CBI and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company, CBI and the Underwriters from the offering of the DECS; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the DECS) be responsible for any amount in excess of the underwriting discount or commission applicable to the DECS purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company, CBI and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, CBI and of the Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company and CBI shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by the Company, and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Final Prospectus. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by the Company, CBI or the Underwriters. The Company, CBI and the Underwriters agree that it would not be just and equitable if

contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (g), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the

same rights to contribution as such Underwriter; each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company; and each person who controls CBI within the meaning of either the Act or the Exchange Act, each officer of CBI who shall have signed the CBI Registration Statement and each director of CBI shall have the same rights to contribution as CBI, subject in each case to applicable terms and conditions of this paragraph (g).

9. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the DECS agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of DECS set forth opposite their names in Schedule I hereto bears to the aggregate principal amount of DECS set forth opposite the names of all the remaining Underwriters) the DECS which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of DECS which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate principal amount of DECS set forth in Schedule I hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the DECS, and if such nondefaulting Underwriters do not purchase all the DECS, this Agreement will terminate without liability to any nondefaulting Underwriter, the Company or CBI; provided, further, that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one-ninth of such Shares without the written consent of such Underwriter. In the event of a default by any Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding seven days, as the Representatives shall determine in order that the required changes in the Registration Statement, the Final Prospectus, the CBI Registration Statement and the CBI Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company, CBI and any nondefaulting Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to the Company and CBI prior to delivery of and payment for the DECS, if prior to such time (i) trading in any securities of the Company or CBI shall have been suspended by the Commission or on any exchange or over-the-

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counter market or trading in securities generally on the NYSE, the American Stock Exchange, the NASDAQ National Market System or the CSE shall have been suspended or limited or minimum prices shall have been established on such Exchange or System, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offering or delivery of the DECS as contemplated by the Final Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company, CBI or their officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, the Company or CBI or

any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the DECS. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telegraphed and confirmed to them, care of Salomon Brothers Inc, at Seven World Trade Center, New York, New York 10048, attention of the Legal Department; if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at Seven World Trade Center, New York, New York 10048, attention of the Secretary (except that communications required by paragraph (ii) of Section 5(b) will be sent by telecopy to Salomon Brothers Inc, Attn: Michelle Moffat, Esq., telecopy: 212-783-2284, telephone: 212-783-7766 and confirmed by overnight courier); or if sent to CBI, will be mailed, delivered, telegraphed and confirmed to it at 201 East Fourth Street, Cincinnati, Ohio 45202, attention of _____.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company, CBI and the several Underwriters.

Very truly yours,

Salomon Inc

By: _____

Name:
Title:

Cincinnati Bell Inc.

By: _____

Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

Salomon Brothers Inc
Morgan Stanley & Co. Incorporated

By: Salomon Brothers Inc

By: _____

Name:
Title:

For themselves and the other several Underwriters named in Schedule I to the foregoing Agreement.

SCHEDULE I

Underwriters - -----	Number of DECS to be Purchased -----
Salomon Brothers Inc.....	1,500,000
Morgan Stanley & Co. Incorporated.....	1,500,000

Total	3,000,000 =====

EXHIBIT A

Salomon Inc
Public Offering of DECS

November __, 1996

Salomon Brothers Inc
Morgan Stanley & Co. Incorporated
c/o Salomon Brothers Inc
Seven World Trade Center
New York, NY 10048

Ladies and Gentlemen:

This letter is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement"), between Salomon Inc, a Delaware corporation (the "Company"), Cincinnati Bell Inc., an Ohio corporation ("CBI"), and each of you as representatives (the "Representatives") of a group of Underwriters named therein, relating to an underwritten public offering (the "Public Offering") of ___ % Exchangeable Notes Due February 1, 2001 of the Company (the "DECS"). The DECS are subject to exchange into common shares, par value \$1.00 per share (the "CBI Common Stock"), of CBI.

In order to induce you and the other Underwriters to enter into the Underwriting Agreement and to continue your and their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending 90 days after the date of the final prospectus relating to the Public Offering (the "Final Prospectus"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of CBI Common Stock or any securities convertible into or exercisable or exchangeable for CBI Common Stock

(whether such shares or any such securities are now owned by the undersigned or are hereafter acquired), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the CBI Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of CBI Common Stock or such other securities, in cash or otherwise; provided, however, that the undersigned may sell up to (x) 5,000 shares of CBI Common Stock or (y) 15% of the sum of the number of shares of CBI Common Stock that are owned by the undersigned on the date of this letter and the number of shares of CBI Common Stock that may be purchased by the undersigned pursuant to currently exercisable options owned by the undersigned on the date of this letter (whichever of (x) and (y) is greater) so long as the aggregate amount of shares of CBI Common Stock sold during such 90-day period by all executive officers or directors of CBI who have entered into an

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agreement with the Underwriters in connection with the Public Offering similar to this letter agreement does not exceed 200,000 shares of CBI Common Stock.* In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending 90 days after the date of the Final Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of CBI Common Stock or any security convertible into or exercisable or exchangeable for CBI Common Stock.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company, CBI and the Underwriters.

If for any reason the Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the Underwriting Agreement), the agreement set forth above shall likewise be terminated.

Yours very truly,

[Name]

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* Proviso applies only to letters from executive officers and directors of CBI.

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CINCINNATI BELL INC.

2,000,000 Common Shares*
(par value \$1.00 per share)

UNDERWRITING AGREEMENT

New York, New York
November __, 1996

Morgan Stanley & Co. Incorporated
Salomon Brothers Inc
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Morgan Stanley & Co. International Limited
Salomon Brothers International Limited
c/o Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
England

Ladies and Gentlemen:

The Cincinnati Bell Pension Plans Trust (the "Pension Trust") proposes to sell to the several Underwriters (as defined below) 2,000,000 common shares, par value \$1.00 per share (the "Firm Shares"), of Cincinnati Bell Inc., an Ohio corporation ("CBI").

It is understood that, subject to the conditions hereinafter stated, 1,600,000 Firm Shares (the "U.S. Firm Shares") will be sold to the several U.S. Underwriters named in Schedule I hereto (the "U.S. Underwriters") in connection with the offering and sale of such U.S. Firm Shares in the United States and Canada to United States and Canadian Persons (as such terms are defined in the Agreement Between U.S. and International Underwriters of even date herewith), and 400,000 Firm Shares (the "International Shares") will be sold to the several International Underwriters named in Schedule II hereto (the "International Underwriters") in connection with the offering and sale of such International Shares outside the United States and

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* Plus an option to purchase from the Cincinnati Bell Pension Plans Trust up to 300,000 additional Common Shares to cover over-allotments.

Canada to persons other than United States and Canadian Persons. Morgan Stanley & Co. Incorporated and Salomon Brothers Inc shall act as representatives (the "U.S. Representatives") of the several U.S. Underwriters, and Morgan Stanley & Co. International Limited and Salomon Brothers International Limited shall act as representatives (the "International Representatives") of the several International Underwriters. The U.S. Underwriters and the International Underwriters are hereinafter collectively referred as to the "Underwriters." The U.S. Representatives and the International Representatives are collectively referred to as the "Representatives."

The Pension Trust also proposes to sell to the several U.S. Underwriters not more than an additional 300,000 common shares, par value \$1.00 per share (the "Option Shares"), if and to the extent that the U.S. Representatives shall have determined to exercise, on behalf of the U.S. Underwriters, the right to purchase such shares of common stock granted to the U.S. Underwriters in Section 2 hereof. The Firm Shares and the Option Shares are hereinafter collectively referred to as the "Shares." The common shares, par

value \$1.00 per share, of CBI (including the shares to be outstanding after giving effect to the sales of Shares contemplated hereby) are hereinafter referred to as the "CBI Common Stock."

It is further understood by the parties hereto that Salomon Inc ("Salomon") and CBI are concurrently entering into a separate underwriting agreement dated the date hereof (the "DECS Underwriting Agreement") with the group of underwriters named therein, which provides for the sale by Salomon to such underwriters of 3,000,000 DECSSM (Debt Exchangeable for Common StockSM) consisting of its _____ % Exchangeable Notes Due February 1, 2001 (the "DECS"), plus up to an additional 450,000 DECS solely to cover over-allotments. At maturity (including as a result of acceleration or otherwise), the DECS may be mandatorily exchanged by Salomon into CBI Common Stock (or, at Salomon's option, cash with an equal value).

In connection with the foregoing and pursuant to the Registration Rights Agreement dated as of July 22, 1988 between CBI and the parties named therein and the letter agreements dated January 30, 1984 and January 29, 1988, respectively, between CBI and Bankers Trust Company (collectively, the "Registration Rights Agreements"), CBI has filed with the Commission a registration statement with respect to (i) 3,000,000 shares (the "Firm DECS Shares") of CBI Common Stock, in respect of the Firm DECS, plus an additional 450,000 shares (the "Option DECS Shares;" the Option DECS Shares, together with the Firm DECS Shares, being hereinafter called the "DECS Shares") of CBI Common Stock, in respect of the Option DECS, for delivery by Salomon pursuant to the DECS and (ii) the Shares, which registration statement is referred to in Section 1(a)(i) of this Agreement.

Certain terms used in this Agreement are defined in paragraph (a)(iii) of Section 1.

1. Representations and Warranties.

(a) Representations and Warranties of CBI. CBI represents and warrants to, and agrees with, each Underwriter and the Pension Trust as set forth below in this Section 1(a).

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(i) CBI meets the requirements for use of Form S-3 under the Securities Act of 1933 (the "Act") and has filed with the Securities and Exchange Commission (the "Commission") a registration statement (file number 333-13699) on such Form, including a related preliminary prospectus, for the registration under the Act of the offering and sale of the DECS Shares in connection with the offering and sale of the DECS and an alternate form of related preliminary prospectus, for registration under the Act of the offering and sale of the Shares. CBI may have filed one or more amendments thereto, including the related preliminary prospectuses, each of which amendments has previously been furnished to the Representatives. CBI will next file with the Commission one of the following: (A) prior to effectiveness of such registration statement, a further amendment to such registration statement, including the final forms of such prospectuses, (B) such final prospectuses in accordance with Rules 430A and 424(b)(1) or (4) or (C) such final prospectuses in accordance with Rules 415 and 424(b)(2) or (5). In the case of clause (B), CBI has included in such registration statement, as amended at the CBI Effective Date, all information (other than CBI Rule 430A Information) required by the Act and the rules thereunder to be included in such prospectuses with respect to the DECS Shares, the Shares and the offering thereof. As filed, such amendment and final forms of prospectuses, or such final prospectuses, shall contain all CBI Rule 430A Information, together with all other such required information, with respect to the DECS Shares, the Shares and the offering thereof and, except to the extent the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to the

Representatives prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary CBI Prospectus) as CBI has advised the Representatives, prior to the Execution Time, will be included or made therein. If the Registration Statement contains the undertaking specified by Regulation S-K Item 512(a), the Registration Statement, at the Execution Time, meets the requirements to Rule 415(a)(1)(x).

(ii) On the CBI Effective Date, the CBI Registration Statement did or will, and when the CBI Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as hereinafter defined), the CBI Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the respective rules thereunder; on the CBI Effective Date, the CBI Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the CBI Effective Date, the CBI Prospectus, if not filed pursuant to Rule 424(b), did not or will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the CBI Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the

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circumstances under which they were made, not misleading; provided, however, that CBI makes no representations or warranties as to the information contained in or omitted from the CBI Registration Statement or the CBI Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to CBI by or on behalf of any Underwriter through the Representatives specifically for inclusion in the CBI Registration Statement or the CBI Prospectus (or any supplement thereto).

(iii) The terms which follow, when used in this Agreement, shall have the meanings indicated. The term "CBI Effective Date" shall mean each date that the CBI Registration Statement and any post-effective amendment or amendments thereto became or become effective. "Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto. "Preliminary CBI Prospectus" shall mean any preliminary prospectus referred to in paragraph (a)(i) of this Section 1, any preliminary prospectus included in the CBI Registration Statement at the CBI Effective Date that omits CBI Rule 430A Information and any preliminary prospectus relating to the International Shares that is used in connection with the offering and sale of the International Shares. "CBI DECS Prospectus" shall mean the prospectus relating to the DECS Shares that is used in connection with the offering and sale of the DECS and that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of such final prospectus relating to the DECS Shares included in the CBI Registration Statement at the CBI Effective Date. "CBI Pension Trust Prospectus" shall mean (i) the prospectus relating to the U.S. Firm Shares and the Option Shares that is used in connection with the offering and sale of the U.S. Firm Shares and the Option Shares and that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of such final prospectus included in the CBI Registration Statement at the CBI Effective Date and (ii) the prospectus relating to the International Shares that is used in connection with the offering and sale of the International Shares. "CBI Prospectus" shall mean the CBI DECS Prospectus and the CBI Pension Trust Prospectus. "CBI Registration Statement" shall mean the registration statement referred to in paragraph (b)(i) of this Section

1, including incorporated documents, exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or a registration statement filed with respect to the Shares pursuant to Rule 462(b) (or post-effective amendment thereto) becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such registration (or amendment thereto) filed pursuant to Rule 462(b), respectively. The term "CBI Registration Statement" shall include any CBI Rule 430A Information deemed to be included therein at the CBI Effective Date as provided by Rule 430A. "Rule 415," "Rule 424," "Rule 430A," "Rule 462" and "Regulation S-K" refer to such rules or regulation under the Act. "CBI Rule 430A Information" means information with respect to the DECS Shares and

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the Shares permitted to be omitted from the CBI Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the CBI Registration Statement, any Preliminary CBI Prospectus or the CBI Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the CBI Effective Date or the issue date of such Preliminary CBI Prospectus or the CBI Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the CBI Registration Statement, any Preliminary CBI Prospectus or the CBI Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the CBI Effective Date or the issue date of any Preliminary CBI Prospectus or the CBI Prospectus, as the case may be, deemed to be incorporated therein by reference.

(iv) CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(v) Each subsidiary of CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(vi) All of the outstanding shares of capital stock of each subsidiary of CBI have been duly and validly authorized and issued, are fully paid and nonassessable and are owned beneficially by CBI free and clear of any security interests, liens, encumbrances, equities or claims.

(vii) This Agreement has been duly authorized, executed and delivered by CBI.

(viii) CBI's authorized equity capitalization consists of 240,000,000 shares of CBI Common Stock and 5,000,000 preferred shares; and the authorized capital stock of CBI conforms as to legal matters to the description thereof contained or incorporated by reference in the

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(ix) The shares of CBI Common Stock (including the Shares) outstanding have been duly authorized and are validly issued, fully paid and non-assessable.

(x) The shares of CBI Common Stock (including the Shares) have been duly authorized for listing on the New York Stock Exchange (the "NYSE") and the Cincinnati Stock Exchange (the "CSE").

(xi) CBI has passed title to the Shares to be sold by the Pension Trust pursuant to this Agreement to the Pension Trust, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

(xii) With respect to the management of the Pension Trust, CBI has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in any action that has caused or would cause any of the representations and warranties of the Pension Trust contained in this Agreement to be inaccurate or misleading as of the date hereof.

(xiii) Coopers & Lybrand L.L.P., whose reports appear in the documents incorporated by reference in the CBI Registration Statement, are independent public accountants with respect to CBI and its subsidiaries as required by the Act and the rules and regulations thereunder.

(xiv) The historical consolidated financial statements (including the related notes) included or incorporated by reference in the CBI Registration Statement present fairly the consolidated financial position of CBI and its consolidated subsidiaries as of the dates indicated and the results of operations and changes in financial condition for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principals applied on a consistent basis throughout the periods involved; and the supporting schedules included or incorporated by reference in the CBI Registration Statement present fairly the information required to be stated therein. The selected historical consolidated financial data included in the CBI Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the related historical consolidated financial statements included or incorporated by reference in the CBI Registration Statement.

(xv) The execution and delivery by CBI of, and the performance by CBI of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of CBI or any agreement or other instrument binding upon CBI or any of its subsidiaries that is material to CBI and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over CBI or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the

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performance by CBI of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(xvi) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of CBI and its subsidiaries, taken as a whole, from that set forth in the CBI Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(xvii) There is no legal or governmental proceeding pending or threatened to which CBI or any of its subsidiaries is a party or to which any of the properties of CBI or any of its subsidiaries is subject that (A) has adversely affected, or would reasonably be likely to adversely affect, the execution by CBI of this Agreement, the performance by CBI of any of its obligations hereunder or the consummation of any of the transactions contemplated in this Agreement, (B) except as disclosed in the CBI Prospectus, has had or is reasonably likely to have, singularly or in the aggregate with all such actions, suits, proceedings or investigations, a material adverse effect on CBI and its subsidiaries, taken as a whole, or (C) is required to be described in the CBI Registration Statement or the CBI Prospectus and is not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the CBI Registration Statement or the CBI Prospectus or to be filed as exhibits to the CBI Registration Statement that are not described or filed as required.

(xviii) CBI is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(xix) CBI and its subsidiaries (A) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(xx) In the ordinary course of its business, CBI conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of CBI and its subsidiaries, in the course of which it identifies and

evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, CBI has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on CBI and its subsidiaries, taken as a whole.

(xxi) There are no contracts, agreements or understandings between CBI and any person granting such person the right to require CBI to file a registration statement under the Act with respect to any securities of CBI (other than the Registration Rights Agreements) or to

require CBI to include such securities with the Shares registered pursuant to the CBI Registration Statement.

(xxii) CBI has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of CBI to facilitate the sale or resale of the DECS, the DECS Shares or the Shares.

(xxiii) The execution, delivery and performance of this Agreement does not and will not constitute a prohibited transaction under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), by reason of Prohibited Transaction Class Exemption 84-14 (respecting Qualified Professional Asset Managers); provided, however, that for purposes of this representation, CBI may assume that no Underwriter (or any person controlling, or controlled by, any Underwriter) owns a five percent or greater interest in Bankers Trust Company ("Bankers Trust") within the meaning of section V(h) of PTCE 84-14.

(b) Representations and Warranties of CBI and the Pension Trust. Each of CBI and the Pension Trust represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1(b).

(i) This Agreement has been duly authorized, executed and delivered by the Pension Trust.

(ii) The execution and delivery by the Pension Trust of, and the performance by the Pension Trust of its obligations under, this Agreement will not contravene any provision of applicable law (subject to clause (ix) below), or the trust agreement of the Pension Trust, or any agreement or other instrument binding upon the Pension Trust or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Pension Trust, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Pension Trust of its obligations under this Agreement, except such as may be required by

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the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(iii) The Pension Trust has, and on the Closing Date will have, valid title to the Shares to be sold by the Pension Trust and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and to sell, transfer and deliver the Shares to be sold by the Pension Trust.

(iv) The Shares to be sold by the Pension Trust pursuant to this Agreement have been duly authorized and are validly issued, fully paid and non-assessable.

(v) Delivery of the Shares to be sold by the Pension Trust pursuant to this Agreement will pass title to such Shares, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity.

(vi) The Pension Trust has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of CBI to facilitate the sale or resale of the DECS, the DECS Shares or the Shares; and the Pension Trust has not effected any sales of CBI Common Stock which, if effected by the

issuer, would be required to be disclosed in response to Item 701 of Regulation S-K.

(vii) Bankers Trust, as trustee of the Pension Trust, has full power and authority to execute and deliver this Agreement for the account and on behalf of the Pension Trust and to so bind the Pension Trust.

(viii) The execution, delivery and performance of this Agreement does not and will not constitute a prohibited transaction under ERISA by reason of Prohibited Transaction Class Exemption 84-14 (respecting Qualified Professional Asset Managers); provided, however, that for purposes of this representation, the Pension Trust may assume that no Underwriter (or any person controlling, or controlled by, any Underwriter) owns a five percent or greater interest in Bankers Trust within the meaning of section V(h) of PTCE 84-14.

(c) Representations and Warranties of Bankers Trust. Bankers Trust, in its corporate and in its fiduciary capacity, represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1(c).

(i) This Agreement has been duly authorized, executed and delivered by the Pension Trust.

(ii) The execution and delivery by the Pension Trust of, and the performance by the Pension Trust of its obligations under, this Agreement will not contravene the trust agreement of the Pension Trust or, to the best knowledge of

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Bankers Trust, any provision of applicable law or any agreement or other instrument binding upon the Pension Trust, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Pension Trust, and, to the best knowledge of Bankers Trust, no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Pension Trust of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(iii) The Pension Trust has, and on the Closing Date will have, the legal right and power, and all authorization and approval required by law, to enter into this Agreement and to sell, transfer and deliver the Shares to be sold by the Pension Trust.

(iv) Bankers Trust, as trustee of the Pension Trust, has full power and authority to execute and deliver this Agreement for the account and on behalf of the Pension Trust and to so bind the Pension Trust.

(v) The execution, delivery and performance of this Agreement does not and will not constitute a prohibited transaction under ERISA by reason of Prohibited Transaction Class Exemption 84-14 (respecting Qualified Professional Asset Managers); provided, however, that for purposes of this representation, Bankers Trust may assume that no Underwriter (or any person controlling, or controlled by, any Underwriter) owns a five percent or greater interest in Bankers Trust within the meaning of section V(h) of PTCE 84-14.

2. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Pension Trust agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Pension Trust, at a purchase price of \$_____ per share, the respective number of Firm Shares set forth opposite such Underwriter's name in Schedules I and II hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Pension Trust hereby grants an option to the several U.S. Underwriters to purchase, severally and not jointly, up to 300,000 Option Shares at the same purchase price per share as the Underwriters shall pay for the Firm Shares. Said option may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the CBI Prospectus upon written or telegraphic notice by the U.S. Underwriters to the Pension Trust and CBI setting forth the number of Option Shares as to which the U.S. Underwriters are exercising the option and the settlement date. Delivery of certificates for the Option Shares, and payment therefor, shall be made as provided in Section 3 hereof. The number of Option Shares to be purchased by each U.S. Underwriter shall be the same percentage of the total number of Option Shares to be purchased by the several U.S. Underwriters as such

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U.S. Underwriter is purchasing of the Firm Shares, subject to such adjustments as the U.S. Representatives in their absolute discretion shall make to eliminate any fractional shares.

3. Delivery and Payment. Delivery of and payment for the Firm Shares (and the Option Shares (if and to the extent the option provided for in Section 2(b) hereof shall have been exercised on or before the first business day prior to the Closing Date)) shall be made at 10:00 AM, New York Citytime, on November __, 1996, or such later date (not later than November __, 1996) as the Representatives shall designate, which date and time may be postponed by agreement between the Representatives and the Pension Trust or as provided in Section 9 hereof (such date and time of delivery and payment for the Firm Shares being herein called the "Closing Date"). Delivery of the Shares shall be made on the instructions of the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of the Pension Trust in immediately available funds. Delivery of, and payment for, the Shares shall be made through the facilities of The Depository Trust Company. Certificates for the Shares shall be registered in such names and in such denominations as the Representatives shall request not less than one full business day in advance of the Closing.

The Pension Trust agrees to have the Shares available for inspection, checking and packaging by the Representatives in New York, New York, not later than 1:00 PM on the business day prior to the Closing Date.

If the option provided for in Section 2(b) hereof is exercised after the first full business day prior to the Closing Date, the Pension Trust will deliver (at the expense of the Pension Trust) to the U.S. Representatives, at 1585 Broadway, New York, New York, on the date specified by the U.S. Representatives in the notice described in Section 2(b), or such later date (not later than December __, 1996) specified by the U.S. Representatives, certificates for the Option Shares in such names and denominations as the U.S. Representatives shall have requested against payment of the purchase price thereof to or upon the order of the Pension Trust in immediately available funds. If settlement for the Option Shares occurs after the Closing Date, the Pension Trust will deliver to the U.S. Representatives on the settlement date for the Option Shares, and the obligation of the U.S. Underwriters to purchase the Option Shares shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

4. Offering by the Underwriters. It is understood that the several Underwriters propose to offer the Shares for sale to the public as set forth in the CBI Prospectus.

5. Agreements.

(a) Agreements of CBI. CBI agrees with the several Underwriters that:

(i) CBI will use its best efforts to cause the CBI Registration Statement, if not effective at the Execution Time, and any amendment thereof to become effective. Prior to the termination of the offering of the Shares, CBI will

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not file any amendment of the CBI Registration Statement or supplement to the CBI Prospectus unless CBI has furnished the Representatives a copy for their review prior to filing and will not file any such proposed amendment or supplement to which the Representatives reasonably object. Subject to the foregoing sentence, if the CBI Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the CBI Prospectus is otherwise required under Rule 424(b), CBI will cause the CBI Prospectus, properly completed, and any supplement thereof to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. CBI will promptly advise the Representatives (A) when the CBI Registration Statement, if not effective at the Execution Time, and any amendment thereof, shall have become effective, (B) when the CBI Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (C) when, prior to termination of the offering of the Shares, any amendment to the CBI Registration Statement shall have been filed or become effective, (D) of any request by the Commission for any amendment of the CBI Registration Statement or supplement to the CBI Prospectus or for any additional information, (E) of the issuance by the Commission of any stop order suspending the effectiveness of the CBI Registration Statement or the institution or threatening of any proceeding for that purpose and (F) of the receipt by CBI of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. CBI will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(ii) If, at any time when a prospectus relating to the CBI Common Stock is required to be delivered under the Act (including in respect of the offering and sale of the Shares) in the opinion of counsel for the Underwriters, any event occurs or condition exists as a result of which the CBI Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if, in the opinion of counsel for the Underwriters, it shall be necessary to amend the CBI Registration Statement or supplement the CBI Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, CBI (A) immediately will notify the Representatives of such event or necessity and (B) promptly will prepare and file with the Commission, subject to the second sentence of paragraph (a)(i) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance.

(iii) As soon as practicable, CBI will make generally available to its security holders and to the Representatives an earnings statement or statements of CBI and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

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(iv) CBI will furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the CBI Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the CBI Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of each Preliminary CBI Prospectus, the CBI Prospectus and any supplement thereto as the Representatives may reasonably request. CBI will pay the expenses of printing or other production of all documents relating to the offering, including the CBI Registration Statement, each Preliminary CBI Prospectus and the CBI Prospectus.

(v) CBI will arrange for the qualification of the Shares for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the Shares, will arrange for the determination of the legality of the Shares for purchase by institutional investors and will pay the fee of the National Association of Securities Dealers, Inc., in connection with its review, if any, of the offering.

(vi) Without the prior written consent of the Representatives on behalf of the Underwriters, CBI will not, during the period ending 90 days after the date of the CBI Prospectus, (A) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, or announce the offering of, any shares of CBI Common Stock or any securities convertible into or exercisable or exchangeable for CBI Common Stock (whether such shares or any such securities are now owned by CBI or are hereafter acquired) or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the CBI Common Stock, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of CBI Common Stock or such other securities, in cash or otherwise; provided, however, that CBI may issue, or grant options for, shares of CBI Common Stock pursuant to any stock plan for employees or directors or any qualified employee benefit plan in effect on the date of the CBI Prospectus, or pursuant to any stock options outstanding on the date of the CBI Prospectus, and any defined contribution qualified employee benefit plan in effect on the date of the CBI Prospectus may sell shares of CBI Common Stock to satisfy plan liquidity needs. In addition, CBI agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the CBI Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of CBI Common Stock or any security convertible into or exercisable or exchangeable for CBI Common Stock. CBI further agrees to establish an internal mechanism for monitoring and ensuring compliance by each executive officer and director with the aggregate limit on sales of CBI Common Stock by such persons

set forth in the proviso to the second paragraph of the form of letter agreement to be executed by such persons attached hereto as Exhibit A.

(vii) CBI will take such actions as may be reasonably necessary to comply with the rules and regulations of the NYSE and the CSE in respect of the offering of the Shares.

(b) Agreements of the Pension Trust. The Pension Trust agrees with the several underwriters that, without the prior written consent of the

Representatives on behalf of the Underwriters, the Pension Trust will not, during the period ending 90 days after the date of the CBI Prospectus, (A) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, or announce the offering of, any shares of CBI Common Stock or any securities convertible into or exercisable or exchangeable for CBI Common Stock (whether such shares or any such securities are now owned by the Pension Trust or are hereafter acquired) or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the CBI Common Stock, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of CBI Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to the Shares to be sold hereunder. In addition, the Pension Trust agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period ending 90 days after the date of the CBI Prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of CBI Common Stock or any security convertible into or exercisable or exchangeable for CBI Common Stock.

6. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Firm Shares and the Option Shares, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of each of CBI and the Pension Trust contained herein as of the Execution Time and the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of CBI and the Pension Trust made in any certificates pursuant to the provisions hereof, to the performance by each of CBI and the Pension Trust of its obligations hereunder and to the following additional conditions:

(a) If the CBI Registration Statement has not become effective prior to the Execution Time, unless the Representatives agree in writing to a later time, the CBI Registration Statement will become effective not later than (i) 6:00 PM New York City time, on the date of determination of the public offering price of the Shares, if such determination occurred at or prior to 3:00 PM New York City time on such date or (ii) 12:00 Noon New York City time on the business day following the date of determination of the public offering price of the Shares, if such determination occurred after 3:00 PM New York City time on such date; if filing of the CBI Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the CBI Prospectus, and any such supplement, shall have been filed in the manner and within the time period required

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by Rule 424(b); and no stop order suspending the effectiveness of the CBI Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) CBI shall have furnished to the Representatives the opinion of Frost & Jacobs, counsel for CBI, dated as of the Closing Date, to the effect that:

(i) CBI has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which CBI has informed such counsel that the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole;

(ii) each subsidiary of CBI has been duly

incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the CBI Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which CBI has informed such counsel that the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on CBI and its subsidiaries, taken as a whole;

(iii) all the outstanding shares of capital stock of each subsidiary of CBI have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the CBI Prospectus, all outstanding shares of capital stock of each such subsidiary are owned by CBI either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances;

(iv) this Agreement has been duly authorized, executed and delivered by CBI;

(v) CBI's authorized equity capitalization consists of 240,000,000 shares of CBI Common Stock and 5,000,000 preferred shares; and the authorized capital stock of CBI conforms as to legal matters to the description thereof contained or incorporated by reference in the CBI Prospectus;

(vi) the shares of CBI Common Stock (including the Shares) outstanding have been duly authorized and are validly issued, fully paid and non-assessable;

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(vii) the shares of CBI Common Stock (including the Shares) have been duly authorized for listing on the NYSE and the CSE;

(viii) the execution and delivery by CBI of, and the performance by CBI of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of CBI or, to the best of such counsel's knowledge, any agreement or other instrument binding upon CBI or any of its subsidiaries that is material to CBI and its subsidiaries, taken as a whole, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over CBI or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by CBI of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares;

(ix) the statements (A) in the CBI Pension Trust Prospectus under the captions "Business--Cincinnati Bell Telephone Company--Regulation" (third and fourth paragraphs), "Business--Other Businesses" (fourth paragraph), "Description of Capital Stock" and "Certain United States Tax Consequences to Non-United States Holders" and (B) in the CBI Registration Statement in Item 15, in each case insofar as such statements

constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(x) after due inquiry, such counsel does not know of any legal or governmental proceedings pending or threatened to which CBI or any of its subsidiaries is a party or to which any of the properties of CBI or any of its subsidiaries is subject that are required to be described in the CBI Registration Statement or the CBI Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the CBI Registration Statement or the CBI Prospectus or to be filed as exhibits to the CBI Registration Statement that are not described or filed as required;

(xi) CBI is not an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(xii) the CBI Registration Statement has become effective under the Act; any required filing of the CBI Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and to the best knowledge of such counsel, no stop order suspending the effectiveness of the CBI Registration Statement has been issued, and no proceedings for that purpose have been instituted or threatened;

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(xiii) such counsel (A) is of the opinion that the CBI Registration Statement and CBI Prospectus (except for financial statements and schedules and other financial and statistical data included therein as to which such counsel need not express any opinion) comply as to form in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (B) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) the CBI Registration Statement and the prospectus included therein at the time the CBI Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (C) has no reason to believe that (except for financial statements and schedules and other financial and statistical data as to which such counsel need not express any belief) the CBI Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xiv) no holders of securities of CBI have rights to the registration of such securities under the CBI Registration Statement (other than pursuant to the Registration Rights Agreements).

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of Ohio or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of CBI and public officials. References to the CBI Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Pension Trust shall have furnished to the Representatives the

opinion of David I. Abramson, counsel for Bankers Trust, dated the Closing Date, to the effect that:

(i) Bankers Trust, as trustee of the Pension Trust, has full power and authority to execute and deliver this Agreement for the account and on behalf of the Pension Trust and to so bind the Pension Trust;

(ii) this Agreement has been duly authorized, executed and delivered by the Pension Trust;

(iii) the Pension Trust has valid title to the Shares to be sold by the Pension Trust and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and to sell, transfer and deliver the Shares to be sold by the Pension Trust;

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(iv) upon the delivery of and payment for the Shares to be sold by the Pension Trust pursuant to this Agreement as herein contemplated, such delivery of the Shares will pass title to such Shares to the Underwriters, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity;

(v) the execution, delivery and performance of this Agreement does not and will not constitute a prohibited transaction under ERISA by reason of Prohibited Transaction Class Exemption 84-14 (respecting Qualified Professional Asset Managers), assuming that no Underwriter (or any person controlling, or controlled by, any Underwriter) owns a five percent or greater interest in Bankers Trust within the meaning of section V(h) of PTCE 84-14.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of New York or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of CBI and public officials. References to the CBI Prospectus in this paragraph (c) include any supplements thereto at the Closing Date.

(d) The Representatives shall have received from Cleary, Gottlieb, Steen & Hamilton, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the Shares, the CBI Registration Statement, the CBI Prospectus (together with any supplement thereto) and other related matters as the Representatives may reasonably require, and CBI and the Pension Trust shall have furnished to such counsel such documents as such counsel may reasonably request for the purpose of enabling such counsel to pass upon such matters.

(e) CBI shall have furnished to the Representatives a certificate of CBI, signed by the Chairman of the Board or the President and the principal financial or accounting officer of CBI, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the CBI Registration Statement, the CBI Prospectus, any supplements to the CBI Prospectus and this Agreement and that:

(i) the representations and warranties of CBI in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and CBI has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the CBI

Registration Statement has been issued and no proceedings for that purpose have been instituted or, to CBI's knowledge, threatened; and

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(iii) since the date of the most recent financial statements included in the CBI Prospectus (exclusive of any supplement thereto), there has been no material adverse change in the condition (financial or other), earnings, business, operations or properties of CBI and its subsidiaries, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the CBI Prospectus (exclusive of any supplement thereto).

(f) The Pension Trust shall have furnished to the Representatives a certificate signed by two appropriate officers of Bankers Trust, dated the Closing Date, to the effect that each signer of such certificate has carefully examined the CBI Registration Statement, the CBI Prospectus, any supplement to the CBI Prospectus and this Agreement and that (i) the representations and warranties of the Pension Trust and Bankers Trust in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and (ii) and the Pension Trust has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date.

(g) At the Execution Time and at the Closing Date, Coopers & Lybrand L.L.P., accountants for CBI, shall have furnished to the Representatives a letter or letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated in the CBI Registration Statement and the CBI Prospectus and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest unaudited financial statements made available by CBI and its subsidiaries; their limited review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited interim financial information as indicated in their reports incorporated in the CBI Registration Statement and CBI Prospectus; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and Executive, Audit, Finance and Benefits and Compensation committees of CBI and its subsidiaries; and inquiries of certain officials of CBI who have responsibility for financial and accounting matters of CBI and its subsidiaries as to transactions and events subsequent to December 31, 1995, nothing came to their attention which caused them to believe that:

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(1) any unaudited financial statements included or incorporated in the CBI Registration Statement and the CBI Prospectus do not comply in form in all material respects with applicable accounting requirements and with the published

rules and regulations of the Commission with respect to financial statements included or incorporated in quarterly reports on Form 10-Q under the Exchange Act; or said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated in the CBI Registration Statement and the CBI Prospectus; or

(2) with respect to the period subsequent to December 31, 1995, there were any changes, at a specified date not more than three business days prior to the date of the letter, in the long-term debt of CBI and its subsidiaries or capital stock of CBI or any decreases in the shareowners' equity of CBI as compared with the amounts shown on the December 31, 1995 consolidated balance sheet included or incorporated in the CBI Registration Statement and the CBI Prospectus, or for the period from January 1, 1996 to such specified date there were any decreases, as compared with the corresponding period in the preceding year in revenues, operating income or income before income taxes, extraordinary charges and cumulative effect of change in accounting principle or in the total or per-share amounts of net income, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by CBI as to the significance thereof unless said explanation is not deemed necessary by the Representatives; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of CBI and its subsidiaries) set forth or incorporated in the CBI Registration Statement and the CBI Prospectus, including the information set forth under the captions "Prospectus Summary," "Risk Factors," "Selected Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business Outlook," "Business" and "Description of Capital Stock" in the CBI Prospectus, the information included or incorporated in Items 1, 2, 6, 7, 8 and 11 of CBI's Annual Report on Form 10-K, incorporated in the CBI Registration Statement and the CBI Prospectus, the information included in the portions of CBI's Proxy Statement dated March 14, 1996 incorporated in the CBI Registration Statement and the CBI Prospectus and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated in CBI's Quarterly Reports on Form 10-Q, incorporated in the CBI Registration Statement and the CBI

Prospectus, agrees with the accounting records of CBI and its subsidiaries, excluding any questions of legal interpretation.

References to the CBI Prospectus in this paragraph (g) include any supplement thereto at the date of the letter.

(h) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the CBI Registration Statements (exclusive of any amendment thereof) and the CBI Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (g) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or other), earnings, business, operations or properties of CBI and their respective subsidiaries the

effect of which, in any case referred to in clause (i) or (ii) above, is, in the judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Shares as contemplated by the CBI Registration Statement (exclusive of any amendment thereof) and the CBI Prospectus (exclusive of any supplement thereto).

(i) Subsequent to the Execution Time, there shall not have been any decrease in the ratings of any of CBI's debt securities by any "nationally recognized statistical rating organization" (as defined for purpose of Rule 436(g) under the Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(j) On or prior to the Execution Time, the NYSE and the CSE shall have approved the Underwriters' participation in the distribution of the Shares to be sold by the Pension Trust.

(k) At the Execution Time, CBI shall have furnished to the Representatives a letter substantially in the form of Exhibit A hereto from each executive officer and director of CBI and from Waslic Company II and The Western and Southern Life Insurance Company addressed to the Representatives, relating to sales and certain other dispositions of shares of CBI Common Stock or certain other securities, and such letter agreements shall be in full force and effect on the Closing Date.

(l) Prior to the Closing Date, each of CBI and the Pension Trust shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation

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shall be given to CBI and the Pension Trust in writing or by telephone or telegraph confirmed in writing.

7. Expenses. (a) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, CBI agrees to pay or cause to be paid all expenses incident to the performance of the obligations of CBI and the Pension Trust under this Agreement, including: (i) the fees, disbursements and expenses of the counsel of CBI and the Pension Trust and CBI's accountants in connection with the registration and delivery of the Shares under the Act and all other fees or expenses in connection with the preparation and filing of the CBI Registration Statement, each Preliminary CBI Prospectus, the CBI Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 5(a)(vi) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the National

Association of Securities Dealers, Inc., if any, (v) all costs and expenses incident to listing the Shares on the NYSE and the CSE, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of CBI relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of CBI, travel and lodging expenses of the representatives and officers of CBI and any such consultants, and the cost of any aircraft chartered in connection with the road show, and (ix) all other costs and expenses incident to the performance of the obligations of CBI hereunder for which provision is not otherwise made in this Section .

(b) If the sale of the Shares provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of CBI or the Pension Trust to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, CBI will reimburse the Underwriters severally upon demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Shares.

(c) The provisions of this Section 7 shall not supersede or otherwise affect any agreement that CBI and the Pension Trust may otherwise have for the allocation of such expenses among themselves.

8. Indemnification and Contribution. (a) CBI agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the CBI Registration Statement as originally filed or in any amendment thereof, or in any Preliminary CBI Prospectus or the CBI Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that CBI shall not be liable under the indemnity agreement in this paragraph (a) to the extent that any such loss, claim, damage or liability arises out of or is based on any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to CBI by or on behalf of any Underwriter through the Representatives specifically for inclusion therein. This indemnity agreement will be in addition to any liability which CBI may otherwise have.

(b) Each Underwriter severally agrees to indemnify and hold harmless CBI, each of its directors, each of its officers who signs the CBI Registration Statement and each person who controls CBI within the meaning of either the Act or the Exchange Act to the same extent as the foregoing indemnity in paragraph (a) from CBI to each Underwriter, but only with reference to written information relating to such Underwriter furnished to CBI by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will

be in addition to any liability which any Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a), (b) or (c) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a), (b) or (c) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall

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have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (A) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (B) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (C) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (D) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 8 is unavailable to or insufficient to hold harmless any indemnified party for any reason, CBI and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which CBI and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by CBI and the Underwriters from the offering of the Shares; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the Shares) be responsible for any amount in excess of the underwriting discount or commission applicable to the Shares purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, CBI and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of CBI and the Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by CBI shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by the Pension Trust, and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set

forth on the cover page of the CBI Prospectus. Relative fault shall be determined by reference to whether any alleged untrue statement or omission relates to information provided by CBI or the Underwriters. CBI, the Pension Trust and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (e), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an

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Underwriter shall have the same rights to contribution as such Underwriter; and each person who controls CBI within the meaning of either the Act or the Exchange Act, each officer of CBI who shall have signed the CBI Registration Statement and each director of CBI shall have the same rights to contribution as CBI, subject in each case to applicable terms and conditions of this paragraph (e).

9. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the Shares agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of Shares set forth opposite their names in Schedules I and II hereto bears to the aggregate principal amount of Shares set forth opposite the names of all the remaining Underwriters) the Shares which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of Shares which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate principal amount of Shares set forth in Schedules I and II hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Shares, and if such nondefaulting Underwriters do not purchase all the Shares, this Agreement will terminate without liability to any nondefaulting Underwriter, the Pension Trust or CBI; provided, further, that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one-ninth of such Shares without the written consent of such Underwriter. In the event of a default by any Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding seven days, as the Representatives shall determine in order that the required changes in the CBI Registration Statement and the CBI Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to CBI, the Pension Trust and any nondefaulting Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to CBI and the Pension Trust prior to delivery of and payment for the Shares, if prior to such time (i) trading in any securities of CBI shall have been suspended by the Commission or on any exchange or over-the-counter market or trading in securities generally on the NYSE, the American Stock Exchange, the NASDAQ National Market System or the CSE shall have been suspended or limited or minimum prices shall have been established on any such Exchange or System, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offering or delivery of the Shares as contemplated by the CBI Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of CBI or its officers, of the

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Pension Trust, of Bankers Trust (in its corporate and in its fiduciary capacity) and its officers, and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, the Pension Trust or CBI or any of the officers, directors or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Shares. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telegraphed and confirmed to them, care of Morgan Stanley & Co. Incorporated, at 1585 Broadway, New York, New York 10036, attention of the Legal Department; if sent to CBI, will be mailed, delivered, telegraphed and confirmed to it at 201 East Fourth Street, Cincinnati, Ohio 45202, attention of Brian Henry; or if sent to the Pension Trust, will be mailed, delivered, telegraphed and confirmed to it at Bankers Trust Company, 130 Liberty Street, New York, New York 10006, attention of David I. Abramson.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among CBI, the Pension Trust, Bankers Trust (with respect to Section 1(c)) and the several Underwriters.

Very truly yours,

Cincinnati Bell Inc.

By: _____
Name:
Title:

Cincinnati Bell Pension Plans Trust

By: Bankers Trust Company, Trustee

By: _____
Name:
Title:

Bankers Trust Company

By: _____

Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

Morgan Stanley & Co. Incorporated
Salomon Brothers Inc

For themselves and the other several Underwriters named in Schedule I to the foregoing Agreement.

By: Morgan Stanley & Co. Incorporated

By: _____
Name:
Title:

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Morgan Stanley & Co. International Limited
Salomon Brothers International Limited

For themselves and the other several Underwriters named in Schedule II to the foregoing Agreement.

By: Morgan Stanley & Co. International Limited

By: _____
Name:
Title:

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SCHEDULE I

U.S. Underwriters

Underwriters - - - - -	Number of Firm Shares to be Purchased - - - - -
Morgan Stanley & Co. Incorporated.....	
Salomon Brothers Inc.....	

Total U.S. Firm Shares 1,600,000
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SCHEDULE II

International Underwriters

Underwriters - -----	Number of Firm Shares to be Purchased -----
Morgan Stanley & Co. International Limited.....	
Salomon Brothers International Limited.....	

Total International Firm Shares 400,000
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EXHIBIT A

Cincinnati Bell Inc.
Public Offering of Common Shares

November __, 1996

Morgan Stanley & Co. Incorporated
Salomon Brothers Inc
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Morgan Stanley & Co. International Limited
Salomon Brothers International Limited
c/o Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
England

Ladies and Gentlemen:

This letter is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement"), between Cincinnati Bell Inc., an Ohio corporation ("CBI"), Cincinnati Bell Pension Plans Trust and each of you as representatives (the "Representatives") of a group of Underwriters named therein, relating to an underwritten public offering (the "Public Offering") of common shares, par value \$1.00 per share (the "CBI Common Stock"), of CBI.

In order to induce you and the other Underwriters to enter into the Underwriting Agreement and to continue your and their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending 90 days after the date of the final prospectus relating to the Public Offering (the "CBI Prospectus"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of CBI Common Stock or any securities convertible into or exercisable or exchangeable for CBI Common Stock (whether such shares or any such securities are now owned by the undersigned or are hereafter acquired), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the CBI Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of CBI Common Stock or such other securities, in cash or otherwise; provided, however, that the undersigned may sell up to (x) 5,000 shares of CBI Common Stock or (y) 15% of the sum of the number of shares

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of CBI Common Stock that are owned by the undersigned on the date of this letter and the number of shares of CBI Common Stock that may be purchased by the undersigned pursuant to currently exercisable options owned by the undersigned on the date of this letter (whichever of (x) or (y) is greater) so long as the aggregate amount of shares of CBI Common Stock sold during such 90-day period by all executive officers or directors of CBI who have entered into an agreement with the Underwriters in connection with the Public Offering similar to this letter agreement does not exceed 200,000 shares of CBI Common Stock.* In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending 90 days after the date of the CBI Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of CBI Common Stock or any security convertible into or exercisable or exchangeable for CBI Common Stock.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between CBI, the Cincinnati Bell Pension Plans Trust and the Underwriters.

If for any reason the Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the Underwriting Agreement), the agreement set forth above shall likewise be terminated.

Yours very truly,

[Name]

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* Proviso applies only to letters from executive officers and directors of CBI.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in Amendment No. 2 to Form S-3 (File Number 333-13699) of our report dated February 14, 1996 on our audits of the consolidated financial statements and financial statement schedules of Cincinnati Bell, Inc. and subsidiaries as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995. We also consent to the reference to our firm under the caption "Experts."

/S/ COOPERS & LYBRAND L.L.P.

Cincinnati, Ohio

November 13, 1996