

Cincinnati BellSM

Cincinnati Bell 1st Quarter 2008 Review

April 30, 2008



Agenda

1. Performance Highlights

Jack Cassidy, President & CEO

2. Operational & Financial Overview

Brian Ross, Chief Financial Officer

3. Q & A

Safe Harbor

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Performance Highlights

Jack Cassidy

President & CEO

1Q08 Accomplishments

Overview

- Grew revenue 11%
- Increased Adjusted EBITDA by 2.5%
- Improved EPS excluding special items by 22%
- 7th consecutive qtr Adjusted EBITDA growth from core ops
- Purchased 4M shares in 1Q08

Technology Solutions

- Increased revenue by 54%
- Grew Adjusted EBITDA by 76%
- Increased data center capacity by 38K sq ft
- Began billing 21K sq ft in the quarter

Wireless

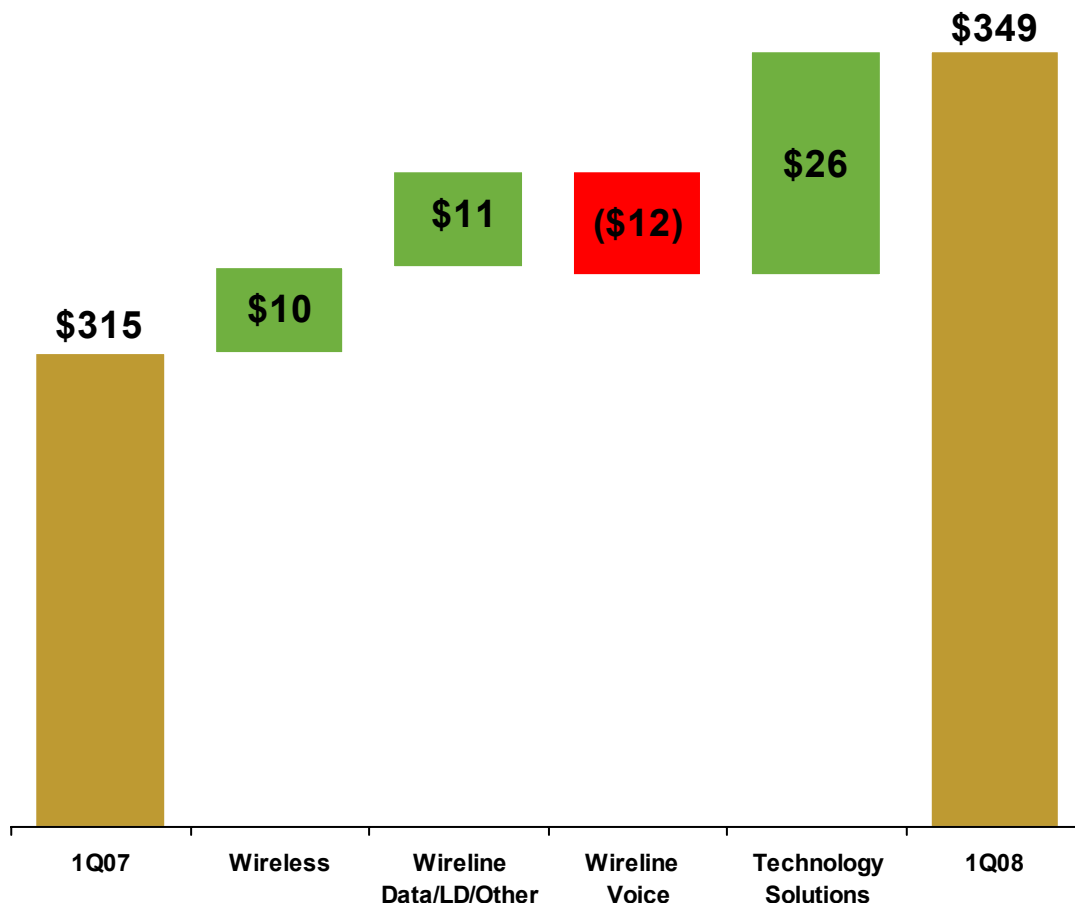
- Grew service revenue by 16%
- Improved Adjusted EBITDA 30%
- Expanded Adjusted EBITDA margins by 3 pts to 28%
- Increased postpaid subscriber base by 8%

Wireline

- Increased DSL subs by 10%
- Grew wireline data revenue by 8%
- Increased long distance and VoIP revenue by 30%

1Q08 Revenue Growth

(\$'s in millions)

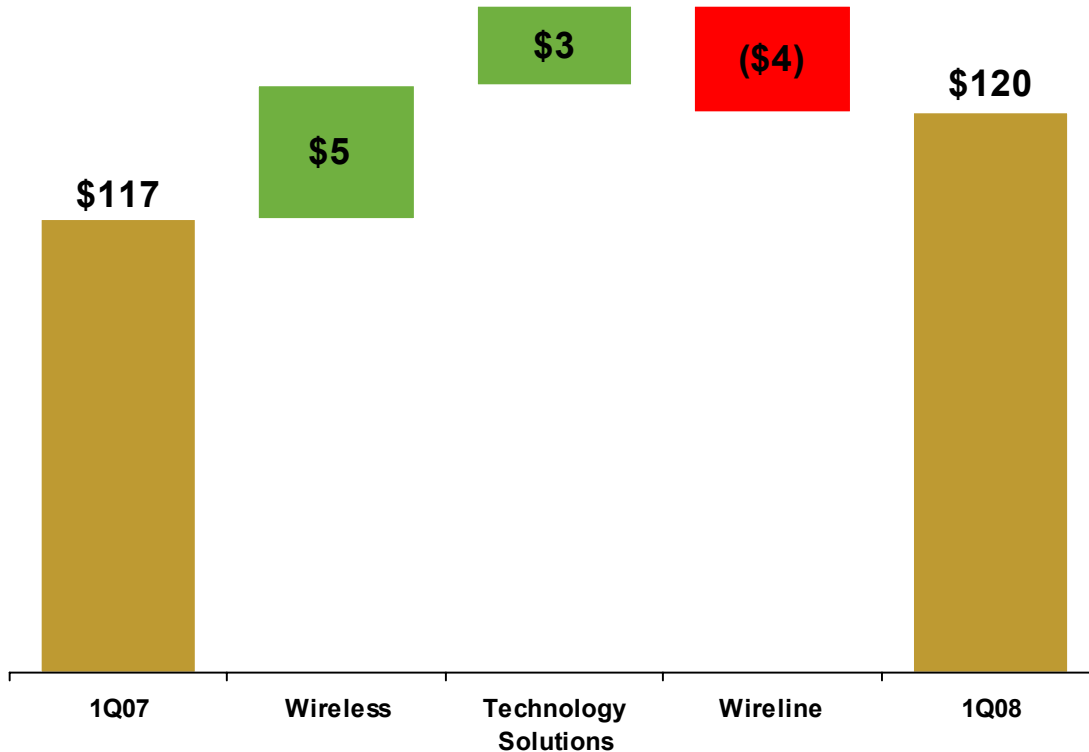


- 16% increase in Wireless service revenue
 - +\$8M, 15% postpaid
 - +\$2M, 20% prepaid
- Wireline Data/Other
 - +8% data growth
 - +30% LD and VoIP growth
- 54% increase in Technology Solutions
 - +\$17M/ 53% Telecom and IT equipment
 - +\$7M/ 51% data center/ managed services

* May not foot due to rounding

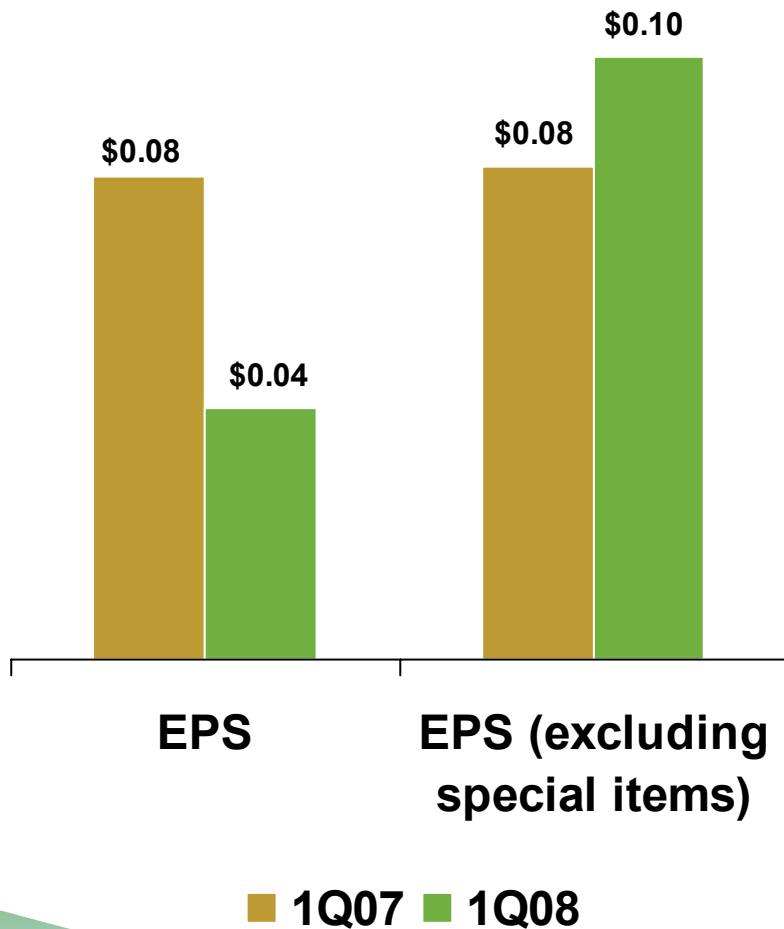
1Q08 Adjusted EBITDA Growth

(\$'s in millions)



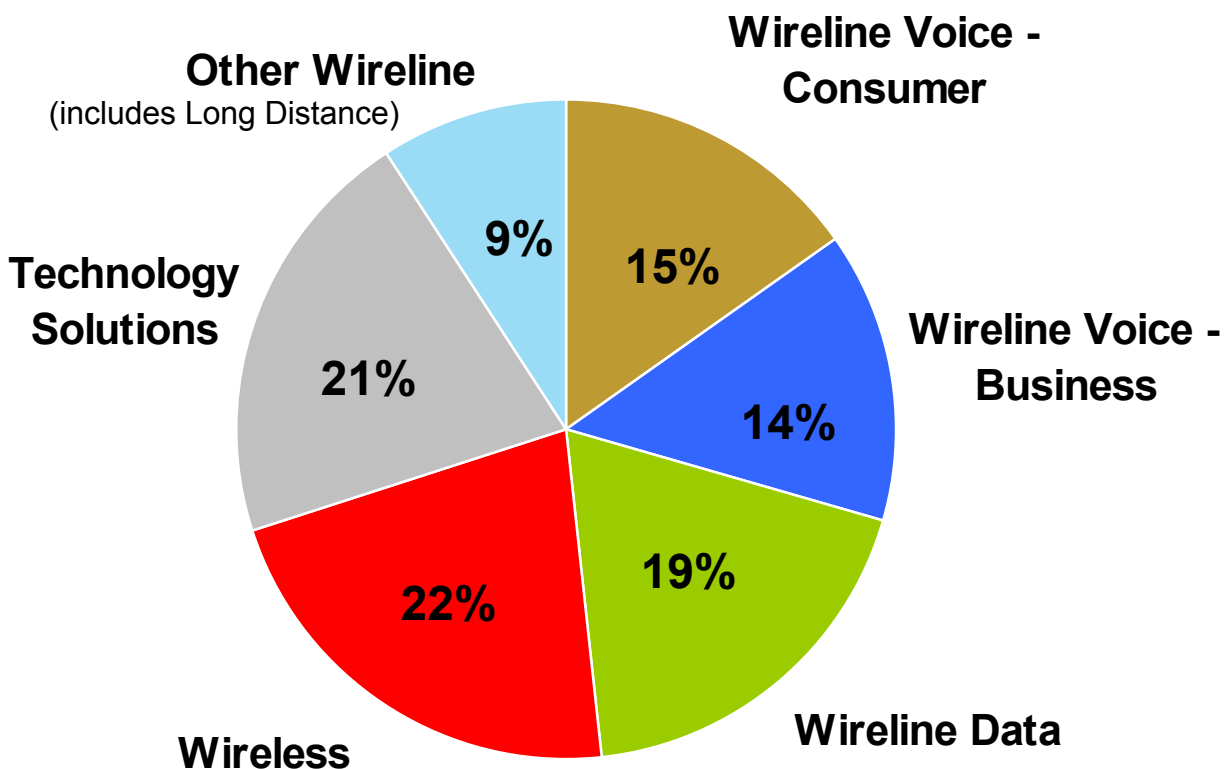
- +30% Wireless Adjusted EBITDA
 - due to +\$10M service revenue growth
- +\$3M Technology Solutions
 - +\$26M revenue growth
 - +.6% improvement in GP margin
- -\$4M Wireline
 - Driven by local voice revenue decline
 - mostly offset by growth in data and long distance

Earnings per Share Growth



- EPS (excluding special items) up \$.02
 - EBITDA up \$3M
 - Interest expense down \$4M
- 1Q08 Special Items EPS effect
 - -\$.06 in 1Q08 primarily due to restructure charge

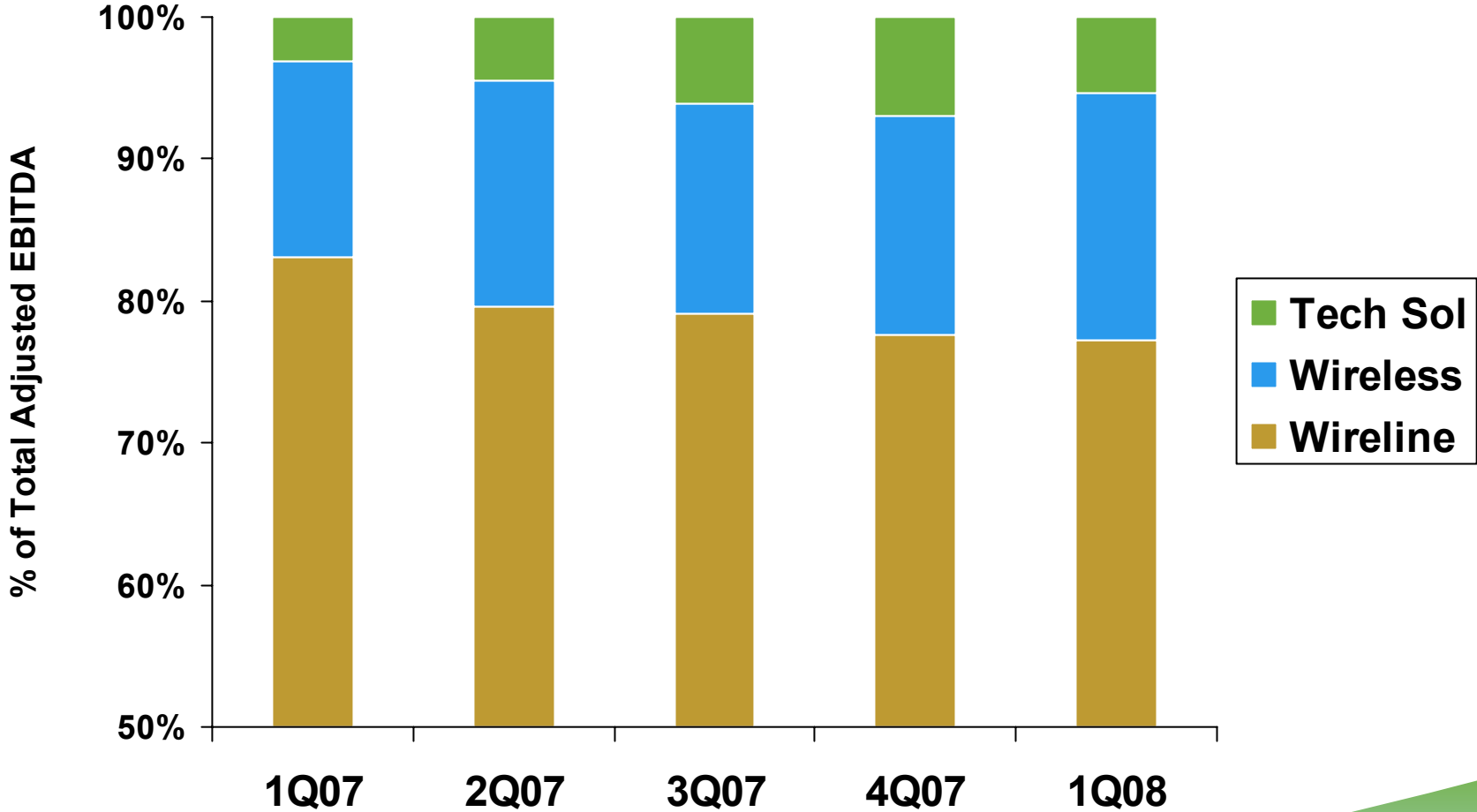
Continued Revenue Diversification



(before inter-company eliminations)

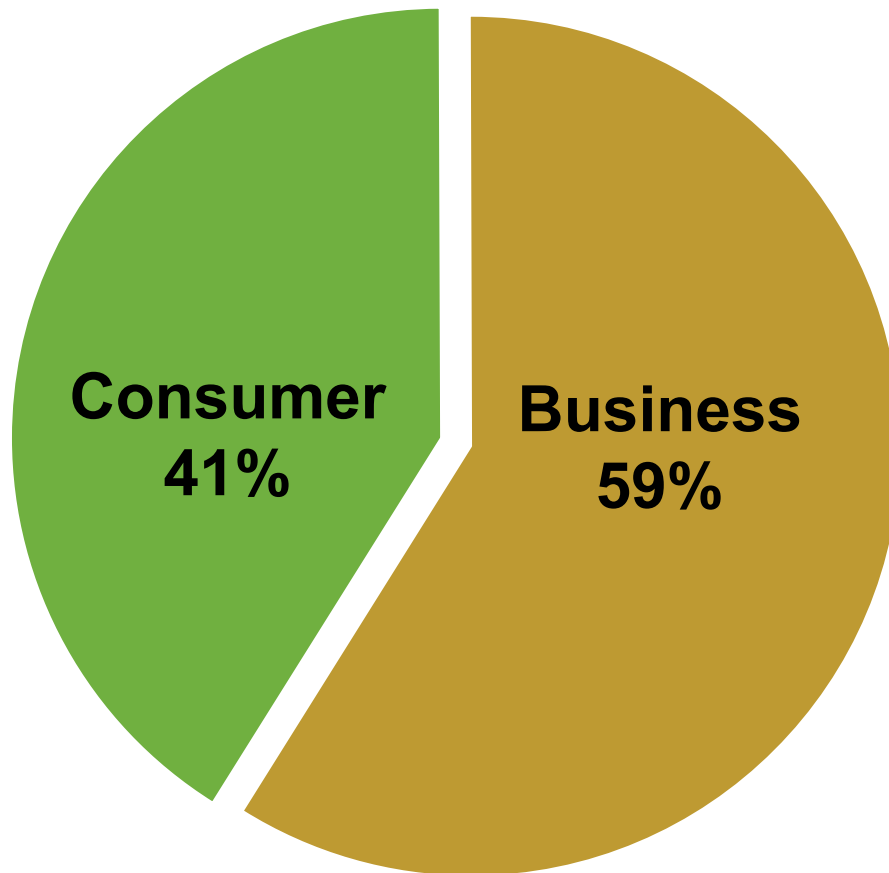
- Consumer Wireline Voice -4 pts. to 15%
- Wireless & Technology Solutions +7 pts. to combined 43%

Diversification Driving Profits



1Q08 Revenue by Market

...Increasing business % of total



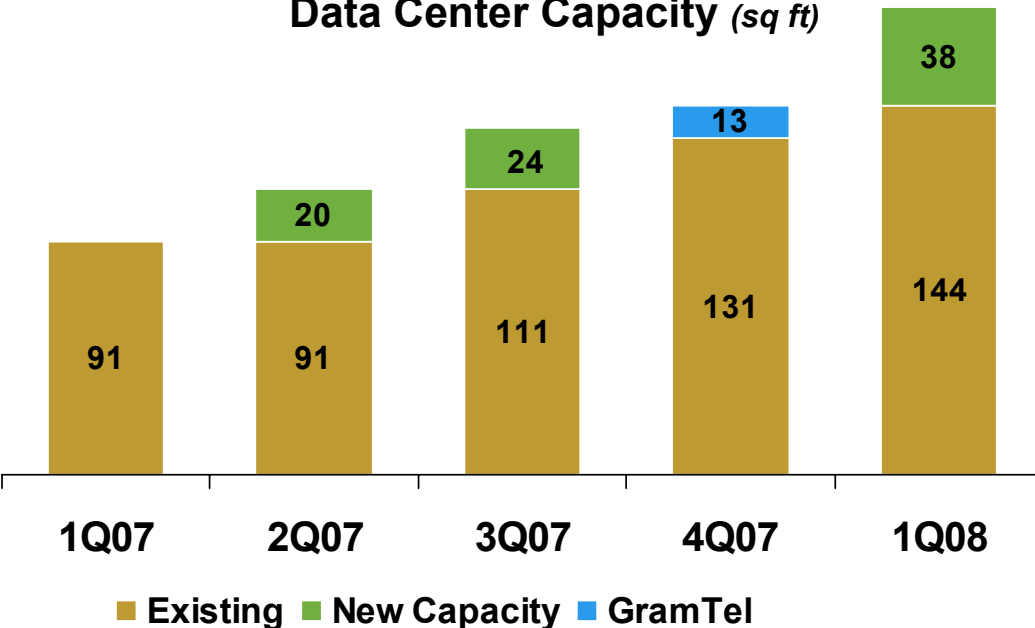
- Business +5 pts to 59%
- Business 20% y/y growth
 - 18% organic growth
 - 53% Telecom & IT Equip Distribution
 - 43% Managed Services & Data Center, excluding GramTel
 - 22% Wireless

(before inter-company eliminations)

Data Center Build Out Update

(in thousands)

Data Center Capacity (sq ft)



by qtr end

- 182K sq ft capacity
 - 38K sq ft commissioned in 1Q08
- 66K sq ft under construction
 - 50K sq ft to be commissioned in 2009 – New Lebanon facility
 - 9K sq ft GramTel commissioned in 2Q08
 - 7K sq ft commissioned in 2Q08
- 85% utilization
 - 21K sq ft new billing contracts in the first quarter; up 15%
- Sales Funnel Strong
 - Essentially all of the 27K sq ft of inventory is under final contract negotiations or committed to customers

2008 Focus Areas

Grow

- Focus on Enterprise/SMB
- Grow Wireless revenue, margins, and subscriber metrics
- Increase data center capacity and utilization

Defend

- Minimize in territory consumer access line loss
- Continue ongoing cost reduction initiatives
- Leverage new integrated products

De-lever/ Balance Sheet

- Continue de-levering the balance sheet
- Execute up to \$150M stock repurchase over 2 years

Operational & Financial Overview

Brian Ross

Chief Financial Officer

Segment Financials

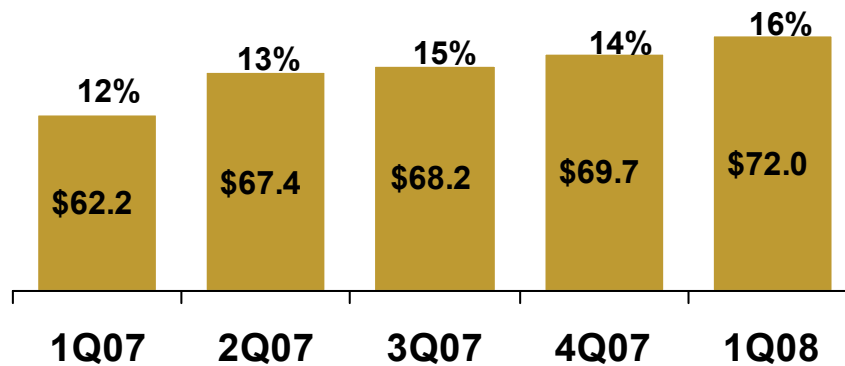
	Revenue		Adjusted EBITDA	
	<u>1Q08</u>	<u>y/y Growth</u>	<u>1Q08</u>	<u>y/y Growth</u>
Wireline	\$203	-1%	\$96	-4%
Wireless	\$79	15%	\$22	30%
Technology Solutions	\$75	54%	\$7	76%

(\$'s in millions)

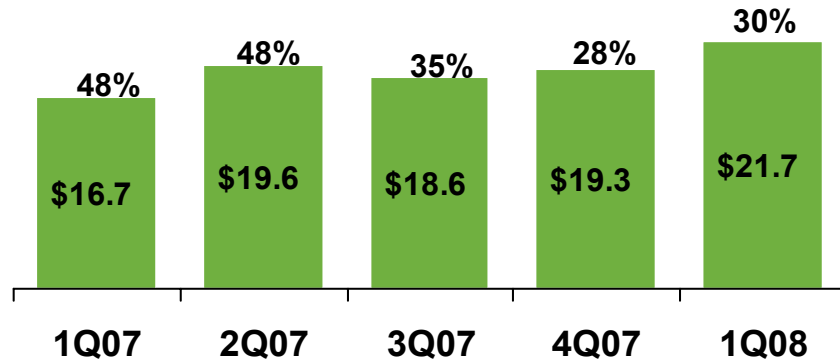
Excludes corporate and eliminations

Wireless Revenue and Adjusted EBITDA

**Total Service Revenue
Year-over-Year Growth Rates**



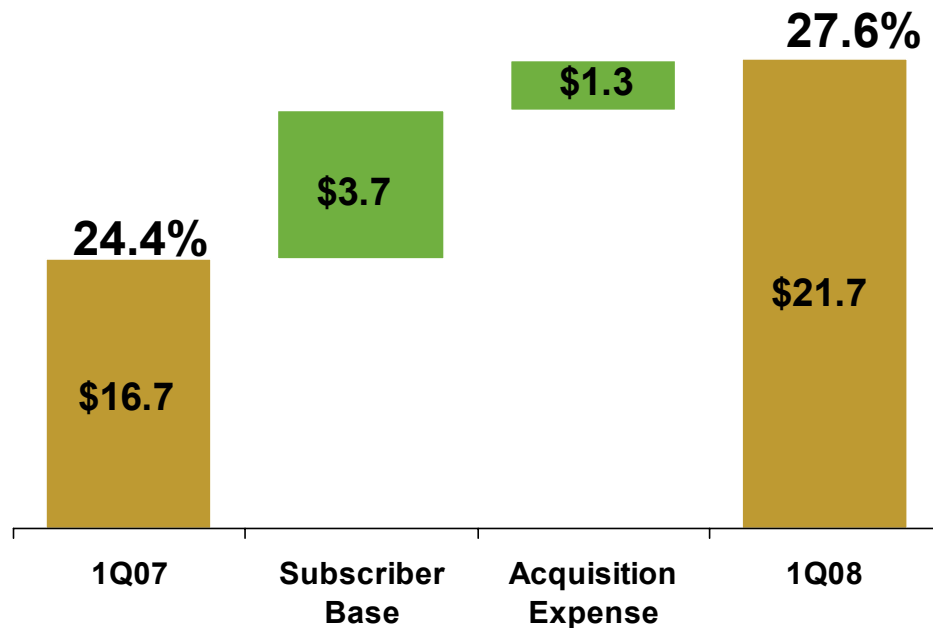
**Total Adjusted EBITDA
Year-over-Year Growth Rates**



(\$'s in millions)

- Continued double digit service revenue and Adjusted EBITDA growth
- Service revenue up 16% from 1Q07 and over \$2M from 4Q07
 - Postpaid subs up 8%
 - ARPU higher
 - 6% postpaid
 - 17% prepaid

1Q08 Y/Y Wireless Margin Expansion



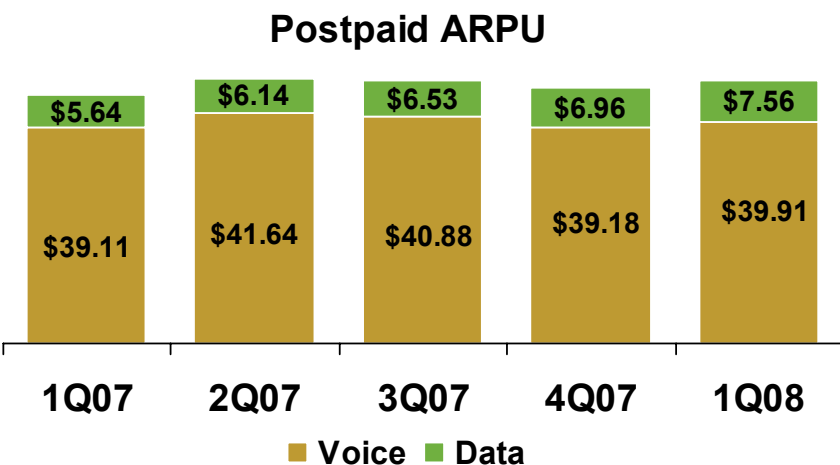
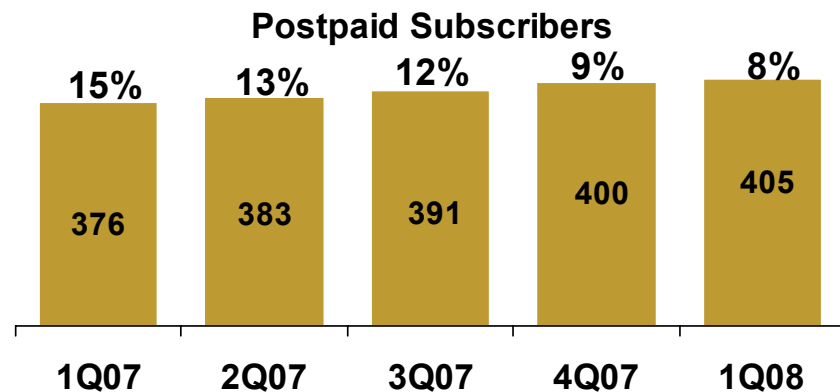
(\$'s in millions)

- Adjusted EBITDA and margin growth due to expanding service revenue, supply chain efficiencies, and fewer gross adds in 1Q08
- 2008 service revenue will continue to drive margin growth toward 30%

* May not foot due to rounding

Postpaid Wireless Growth

(in thousands)



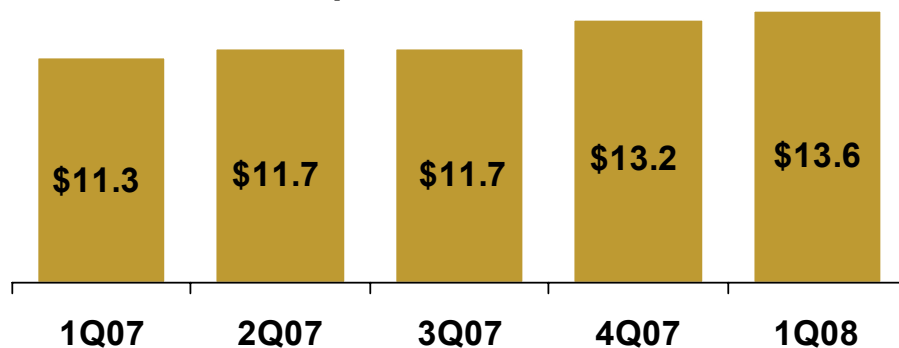
- 15% growth in postpaid service revenue
 - Subscribers up 8%
 - ARPU up 6%

- 4K Net adds
 - # of subscribers with “smart phones” increased 72% from 1Q07...7.6% penetration of total postpaid subs
 - Postpaid churn at 1.56%

- Data ARPU up 34%
 - 16% of total
 - Positive contributions from SMS/blackberry/ringtones

Prepaid Wireless

Prepaid Service Revenue



(\$'s in millions)

Prepaid ARPU



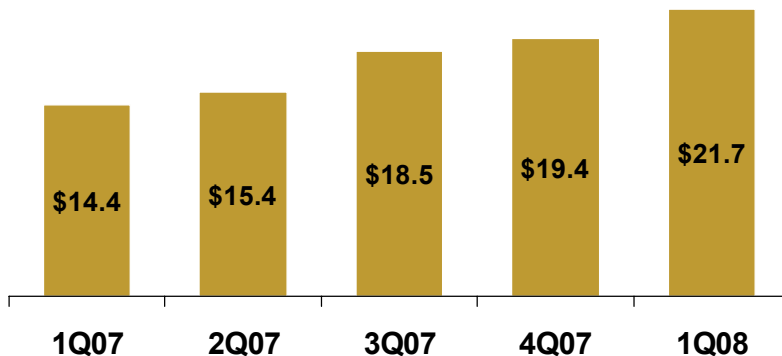
- 20% growth in prepaid service revenue
 - Subscribers flat
 - ARPU up 17% y/y
 - Data now 29% of total ARPU (vs 24% in 1Q07)
- 4K net adds
 - Focus has been on higher ARPU subscribers and profitability

Technology Solutions Revenue

Telecom and IT Equipment



Data Center and Managed Services

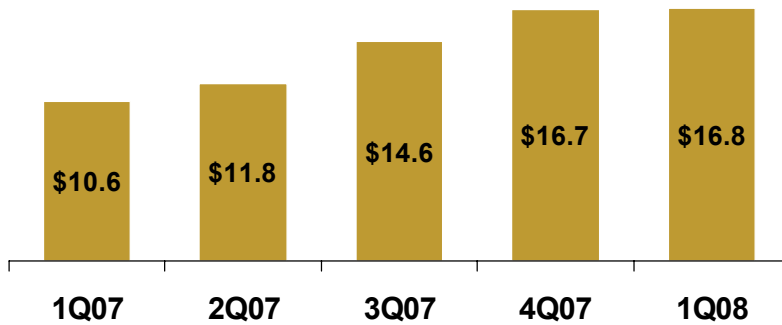


(\$'s in millions)

- Segment revenue +54% y/y
- Telecom and IT equipment up 53% y/y
 - Large accounts and data center relationships driving increase
- Data Center and Managed Services revenue increased 51% y/y
 - Increased billing data center space by 69k sq ft from 1Q07

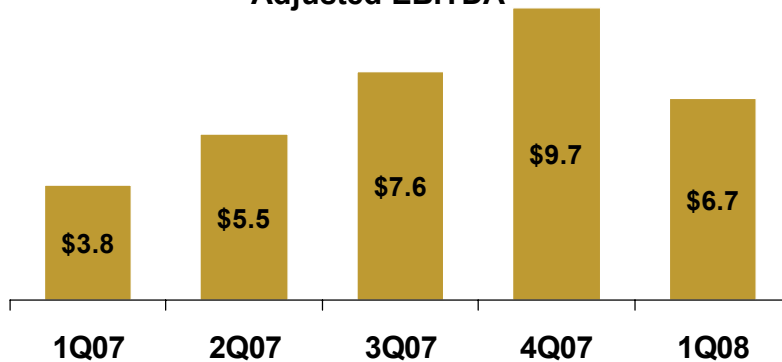
Technology Solutions Profit

Gross Profit



- Gross profit +\$6M
 - Driven by hardware revenue and growth of billable data center square footage
- +76% Adjusted EBITDA y/y
 - Down \$3M sequentially
 - Q1 traditionally weaker quarter

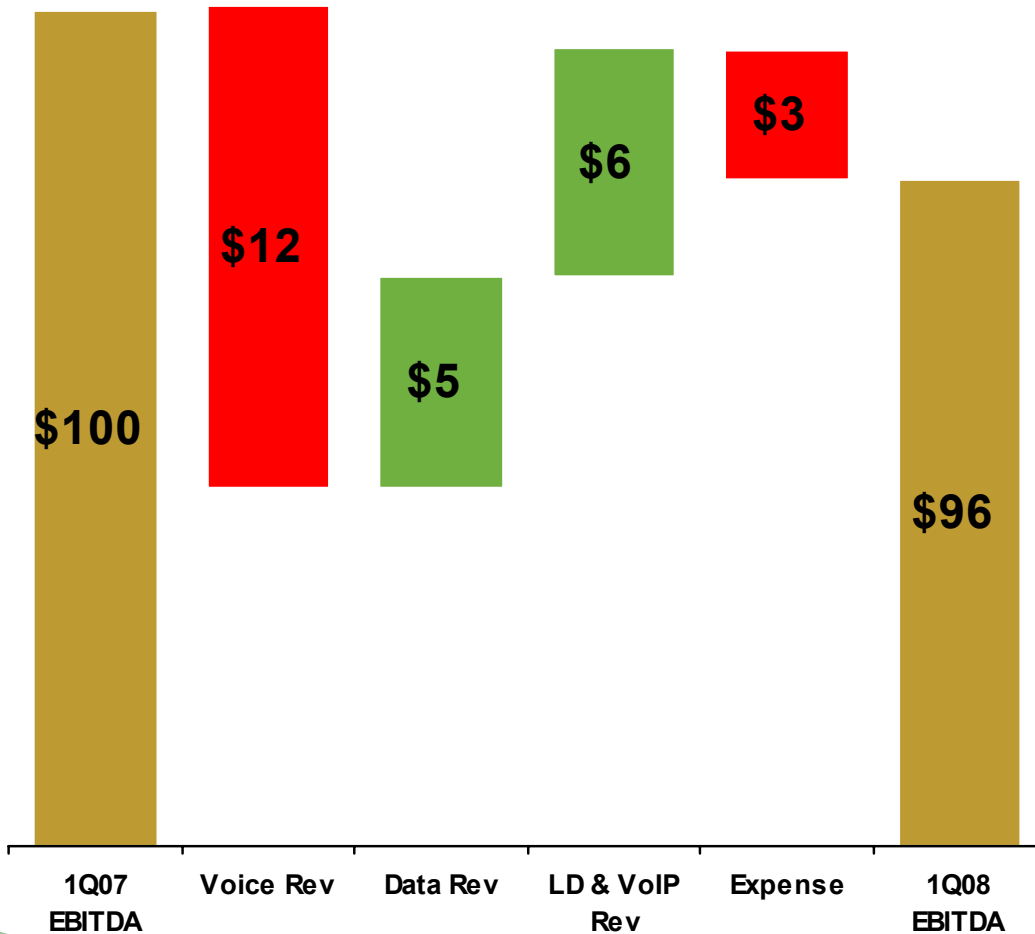
Adjusted EBITDA



(\$'s in millions)

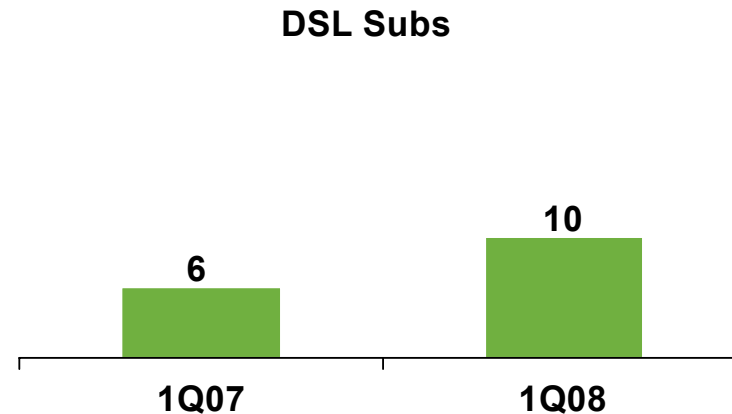
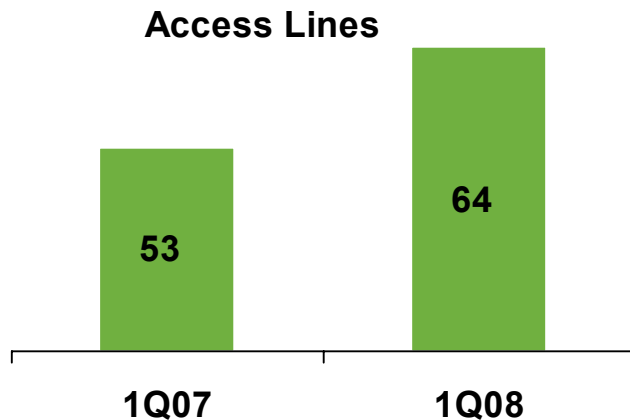
Wireline Adjusted EBITDA

(\$'s in millions)



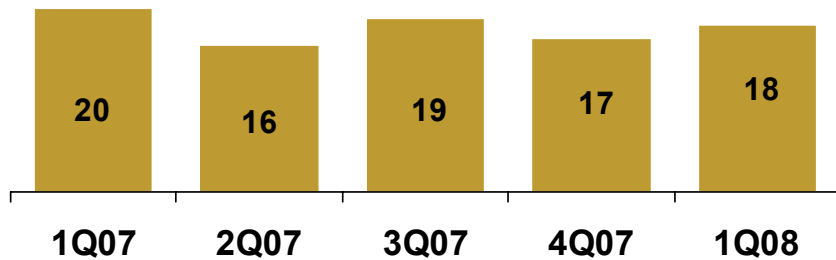
- Voice revenue down 10%
 - Access line loss = (\$7.5M)
 - ARPU = (\$4.2M)
 - Bundle/promotional discounts and directory assistance
- Data revenue up 8%
 - 10% DSL subscriber growth
 - 9% data transport growth
- Expense
 - \$5M increase to support growth in “off-net” revenues
 - \$2M decrease in labor costs, primarily lower benefits

CLEC Success Leads to Recent Acquisitions

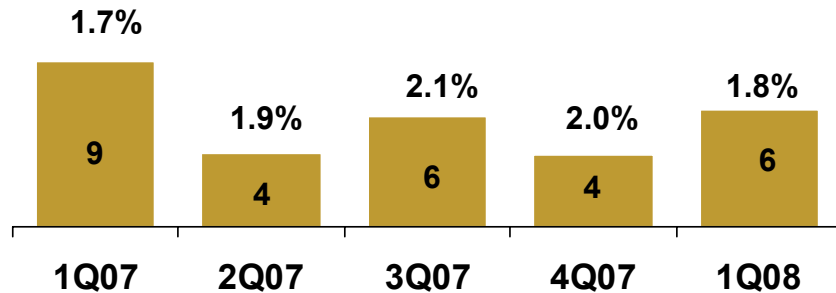


DSL Subscriber Activity

DSL Gross Adds



DSL Net Adds
Churn %

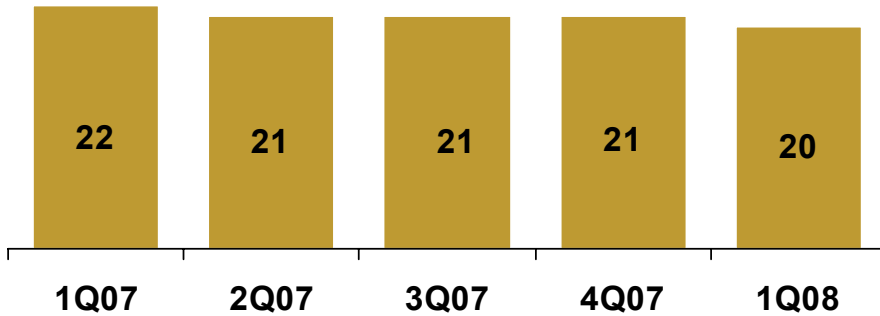


(in thousands)

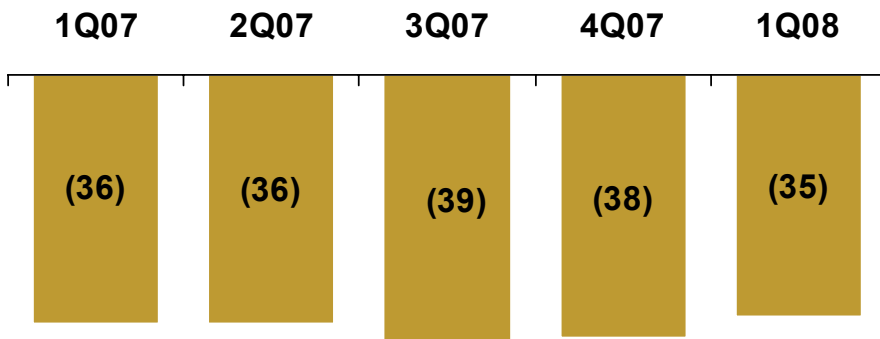
- 10% subscriber base growth y/y
 - 228,000 subscribers at year end
- 6K net adds
 - Down 3K y/y on lower gross and slightly higher churn
- 44% penetration of CBB in-territory consumer primary lines
 - 8 percentage points higher vs 1Q07
 - Reflects retention of higher value customers and proof that bundling strategy works

ILEC Access Line Loss

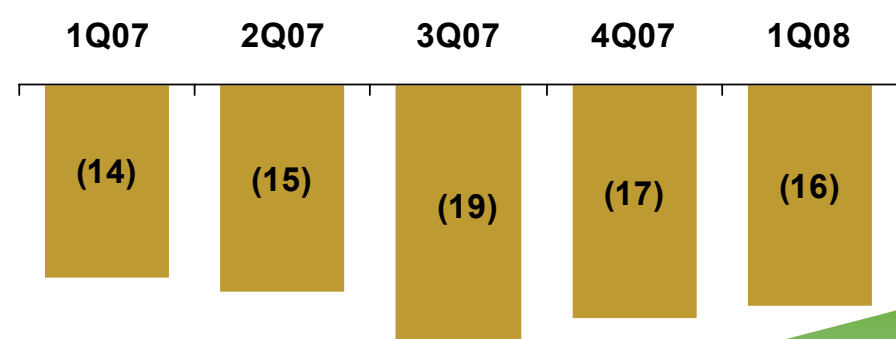
Access Line Gross Adds-ILEC



Access Line Deactivations-ILEC



Access Line Net Adds -ILEC



(in thousands)

- Total access line loss was 6.3% y/y
 - 8.1% ILEC loss
 - 21% increase in CLEC lines
 - Business lines up 2%
- Gross adds trend appears to be stabilizing
- Churn continues to remain well below 2%

Recent Restructure Charges

<i>(in millions)</i>	4Q07	1Q08	Future	Total
Retirement Offer	\$9	\$23	\$6	\$38
Curtailment	6	15	-	21
Severance and Other	23	(14)	-	9
Total Pre-Tax Restructure Expense	\$38	\$24	\$6	\$68

➤ **Costs associated with initiative to align future cost structure with anticipated revenue**

- Retirement Offer to Management and Union
- Curtailment - Accelerated recognition of pension and post retirement expense
- Other workforce reductions

➤ **Restructure requires additional funding of \$25-\$30M over next 7 years**

- \$20M already funded in December 2007 through pension contribution

➤ **Factored into 2008 guidance**

Future Cost Savings

➤ Initiatives

- CWA Labor Agreement – ratified February 27th
 - Provided a cumulative 4.5 percent wage increase over the three years
 - Maintained current healthcare plan designs with modest premium increases over the life of the contract
 - Restructured base pay for call center employees
 - Created a new wage, benefit and working condition agreement for bargaining unit employees hired on or after February 1, 2008
 - Offer an early retirement option to eligible bargaining unit employees
- Continued Outsourcing
- Productivity Improvements/Early Retirement Offer

➤ Total Annualized Labor Savings of approximately \$45M

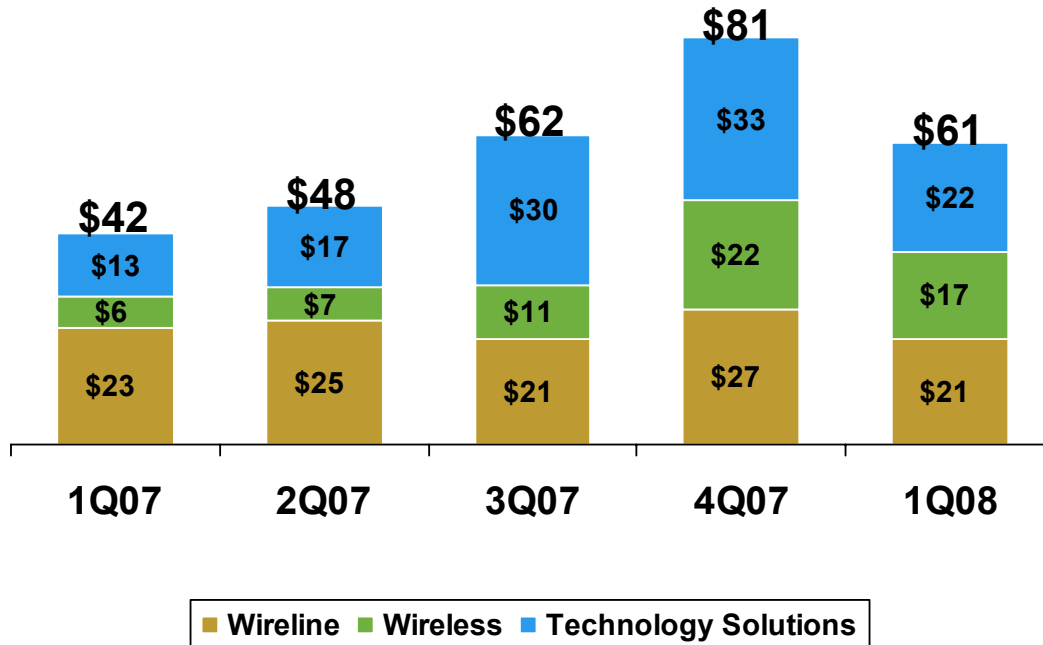
- Expected in 3 years

➤ Need these initiatives to maintain wireline margin trends

Capital Expenditures

(\$ in millions)

Capital Expenditures
(with Totals)



➤ Total Capital up \$19M vs 1Q07

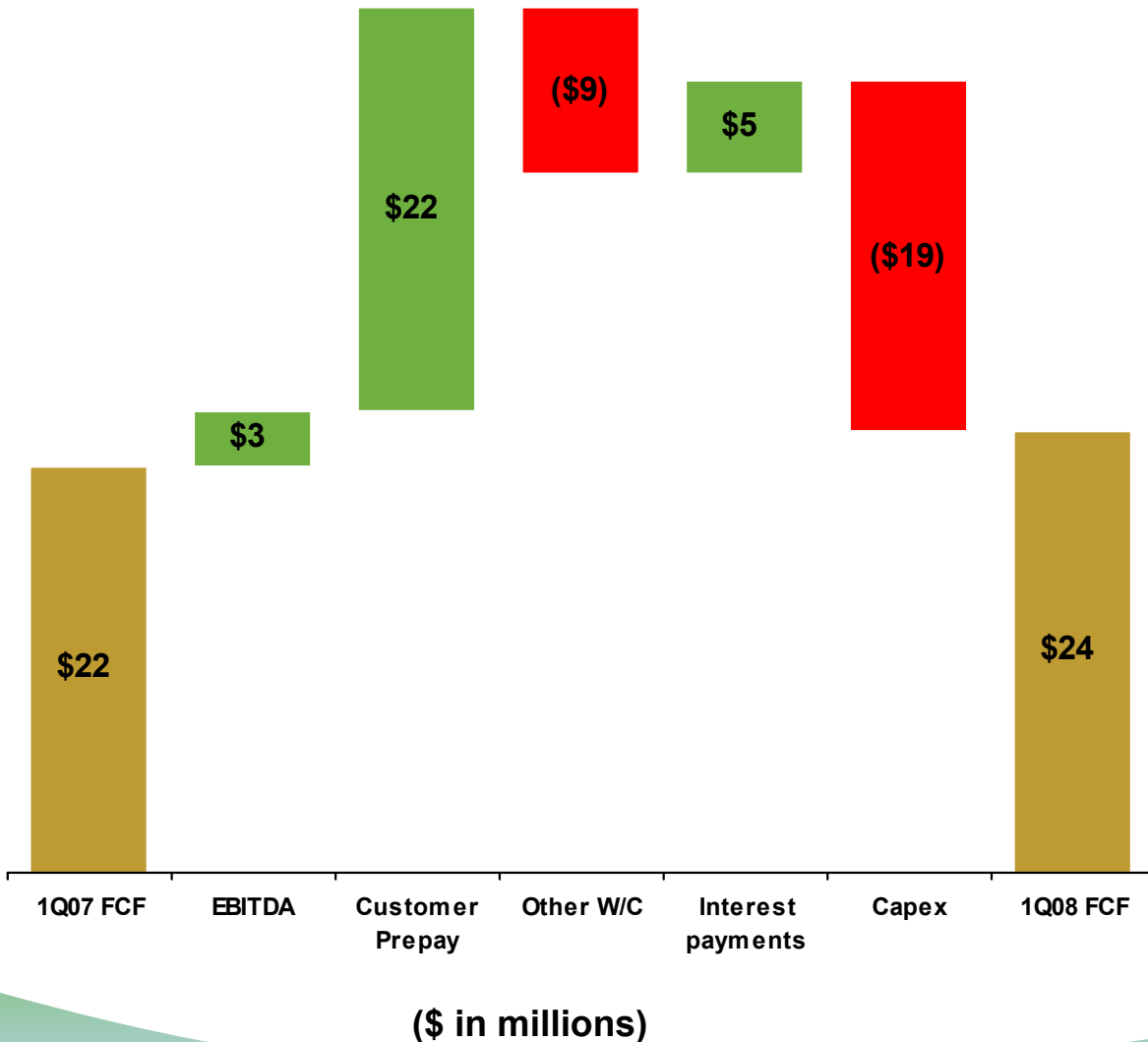
➤ Combined Wireline and Wireless spending up \$9M

- Mostly due to wireless 3G spend

➤ Technology Solutions up \$9M vs 1Q07

- Data Center investment, including \$16M building purchase in 1Q08 for future capacity requirements

1Q08 Free Cash Flow



- Free Cash Flow +\$2M
- Adjusted EBITDA +\$3M
- Customer Prepay +\$22M
 - Final of 2 data center and managed services customer prepayments received in 1Q08
- Interest payments \$5M lower
 - Due to both lower interest rate and debt balance
- Capex up \$19M

1Q08 Sources and Uses of Cash

Sources of Cash

Free Cash Flow	\$24
Increase in Credit Facility, net	45
Available Cash 12/31/07	26
TOTAL	\$95

Uses of Cash

Acquisitions	(\$19)
Stock Repurchase	(17)
8 3/8% debt retirement	(38)
Other debt retirement	(2)
TOTAL	(\$76)

Available Cash 3/31/08 **\$19**

- Acquisitions closed in 1Q08
 - primarily eGIX
- \$17M stock repurchase
 - 4.1M shares
- 8.38% bond retirement
 - Bought at \$2M discount to par
- Net Debt +\$11M to \$1,992M

2008 Guidance

	2007 Actuals	2008 Guidance
Revenue	\$1.3B	Approx. \$1.4B
Adjusted EBITDA	\$473M	Approx. \$485M
Capital	17% of revenue	Approx. 16% of revenue
Free Cash Flow	\$59M	Approx. \$150M

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