

Cincinnati BellSM

Cincinnati Bell Investor Presentation

December 2, 2009



Safe Harbor

Certain of the statements and predictions contained in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. In particular, any statements, projections or estimates that include or reference the words “believes,” “anticipates,” “plans,” “intends,” “expects,” “will,” or any similar expression fall within the safe harbor for forward-looking statements contained in the Reform Act. Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including but not limited to, changing market conditions and growth rates within the telecommunications industry or generally within the overall economy; changes in competition in markets in which the company operates; pressures on the pricing of company products and services; advances in telecommunications technology; the ability to generate sufficient cash flow to fund the company’s business plan, repay the company’s debt and interest obligations, and maintain its networks; the ability to refinance indebtedness when required on commercially reasonable terms; changes in the telecommunications regulatory environment; changes in the demand for the company’s services and products; the demand for particular products and services within the overall mix of products sold, as the company’s products and services have varying profit margins; the company’s ability to introduce new service and product offerings on a timely and cost effective basis; work stoppage caused by labor disputes; restrictions imposed under various credit facilities and debt instruments; the company’s ability to attract and retain highly qualified employees; the company’s ability to access capital markets and the successful execution of restructuring initiatives; changes in the funded status of the company’s retiree pension and healthcare plans; disruption in operations caused by a health pandemic, such as the H1N1 influenza virus; changes in the company’s relationships with current large customers, a small number of whom account for a significant portion of company revenue; and disruption in the company’s back-office information technology systems, including its billing system. More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Cincinnati Bell’s Form 10-K reports, Form 10-Q reports and Form 8-K reports. The forward-looking statements included in this presentation represent estimates as of November 17, 2009. It is anticipated that subsequent events and developments will or may cause estimates to change.

Non-GAAP Financial Measures

This presentation contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), Adjusted EBITDA margin and free cash flow. These are non-GAAP financial measures used by Cincinnati Bell management when evaluating results of operations and cash flow. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations and cash flows with past and future periods. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. Reconciliations of non-GAAP financial measures to comparable GAAP financial measures are available in the Investor Relations section of www.cincinnati-bell.com.

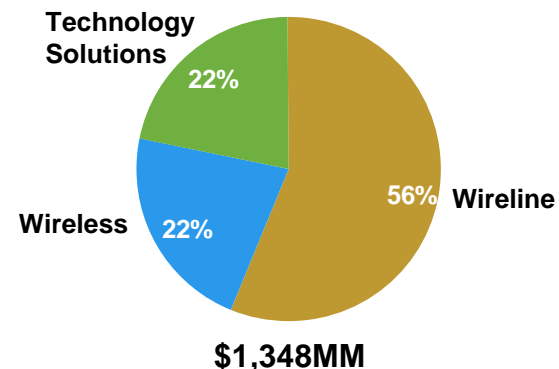
Overview of Company and Business Segments

Company Overview

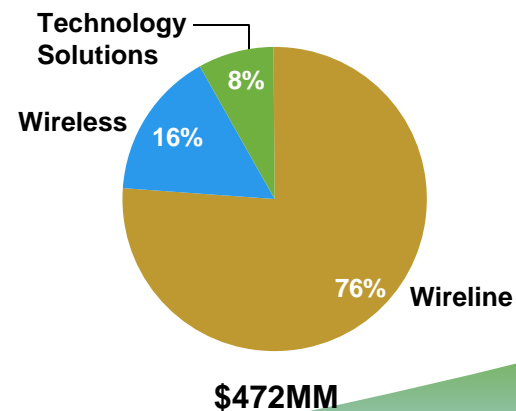
- 135 year old diversified communications company with wireline, wireless and data center assets
 - ~740k total access lines
 - ~540k wireless subs
 - ~271k square feet data center space
- Local ILEC and CLEC within licensed wireless area



LTM 9/30/09 Revenue Mix ⁽¹⁾



LTM 9/30/09 Adjusted EBITDA Mix ⁽²⁾

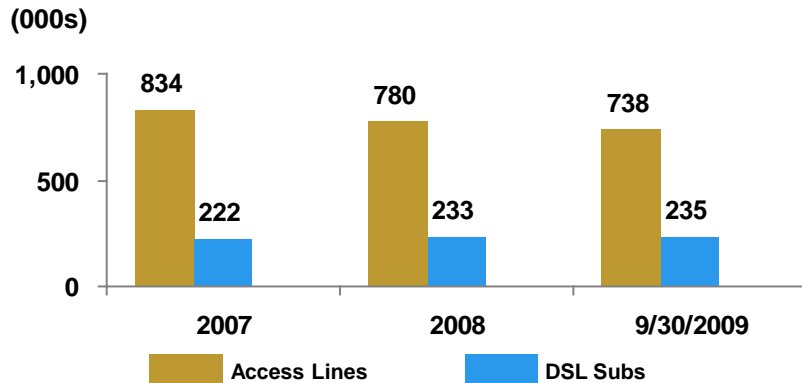


Notes: (1) Before intercompany eliminations
(2) Before corporate expenses

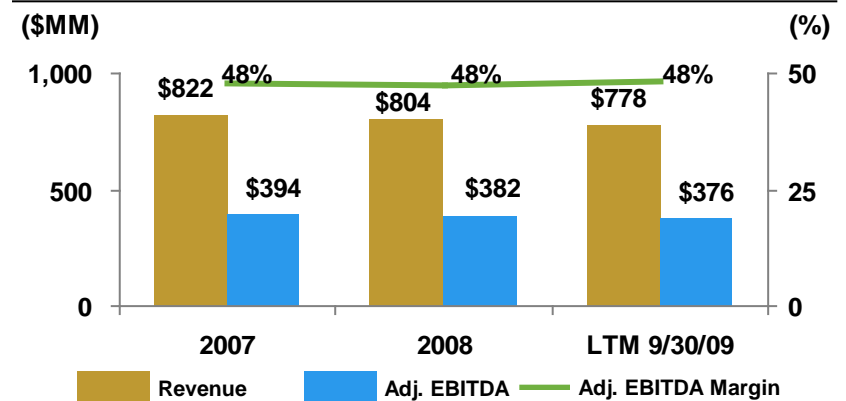
Overview of Wireline Business

- Provides local voice, data, long-distance, and other services to customers in southwestern Ohio, northern Kentucky, and southeastern Indiana
- Approximately 740k total access lines
 - ~665k ILEC territory
 - ~75k CLEC territory
- Focused on maintaining margin stability even in declining business

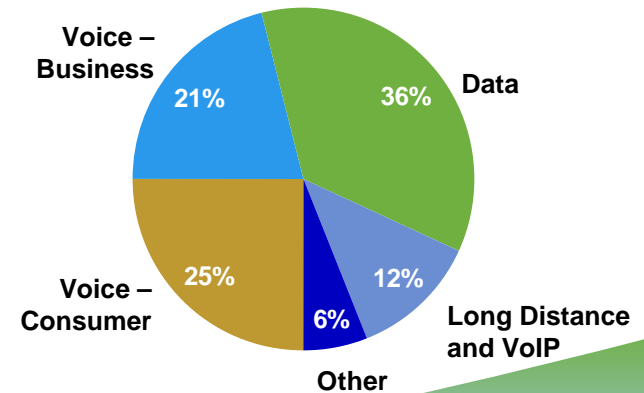
Access Lines & DSL Subscribers



Wireline Performance



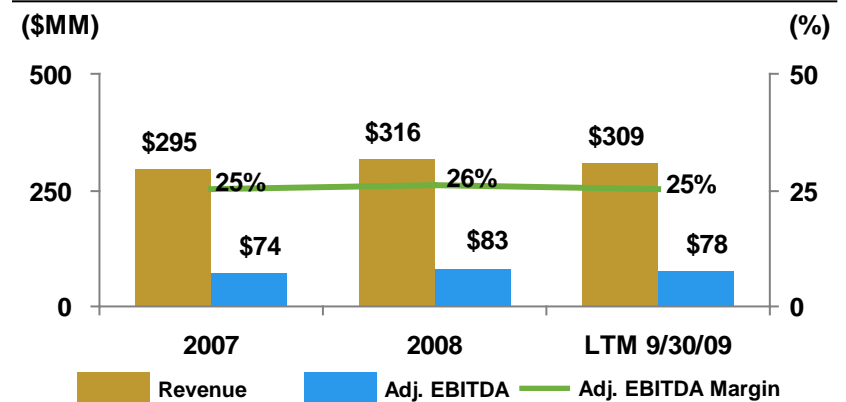
LTM 9/30/09 Revenue Mix



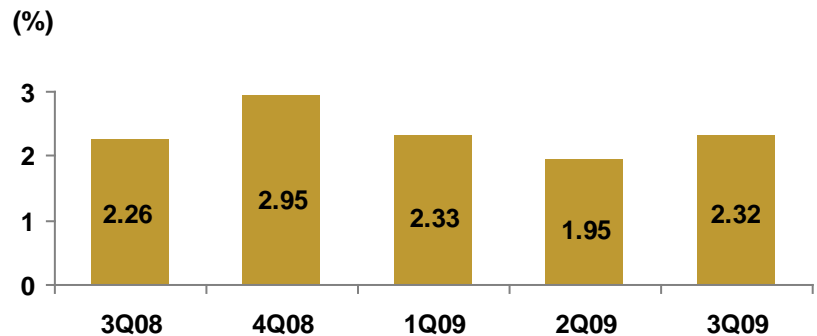
Overview of Wireless Business

- Provides wireless services to customers in the Greater Cincinnati and Dayton, Ohio operating areas on GSM network
 - Approximately 540k subs, ~72% of which are postpaid subs
- Strong smartphone plan and data growth
 - 17% smartphone postpaid penetration

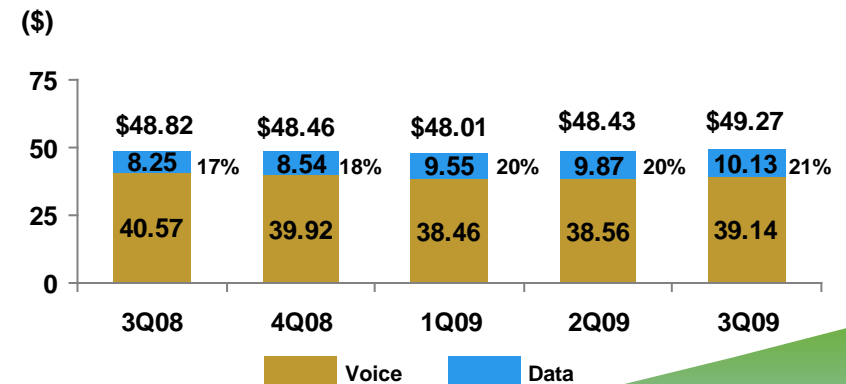
Wireless Performance



Postpaid Churn



Postpaid ARPU



Bundled Communications – Maximizes Customer's Total Spend

Competitive Advantage

- Wireline competitors do not have a wireless product
- Wireless competitors do not have a wireline broadband product
- Presents attractive wireline/wireless opportunity for CBB as only a few customers currently have both products



Two Connections.



One Price.
\$39⁹⁹

Cincinnati Bell™ right here. for you.

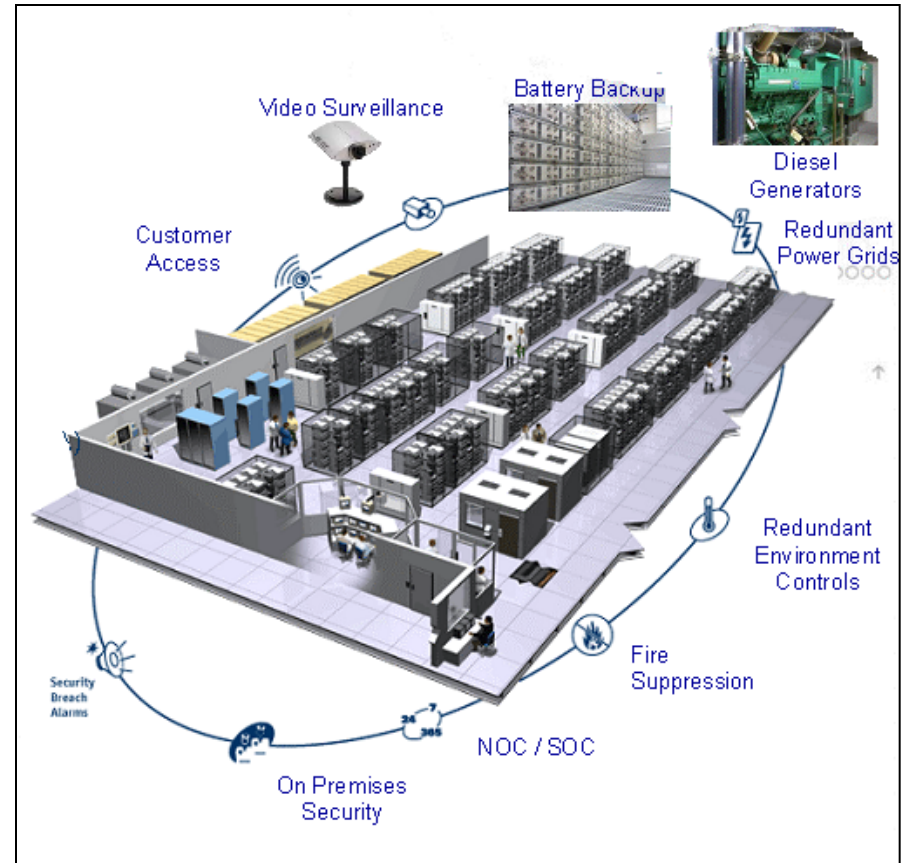
**PRICED FOR LIFE.
NO CONTRACT.**

PRICED FOR LIFE

ZOOMTOWN
High-Speed Internet

think Cincinnati BellSM

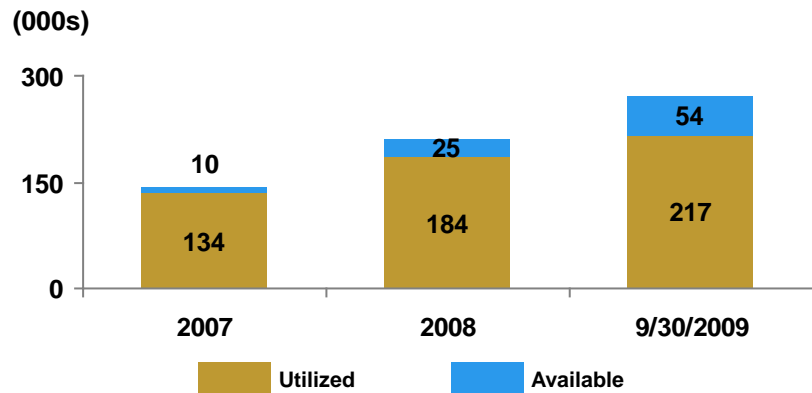
Data Centers - The Ultimate Business Bundle



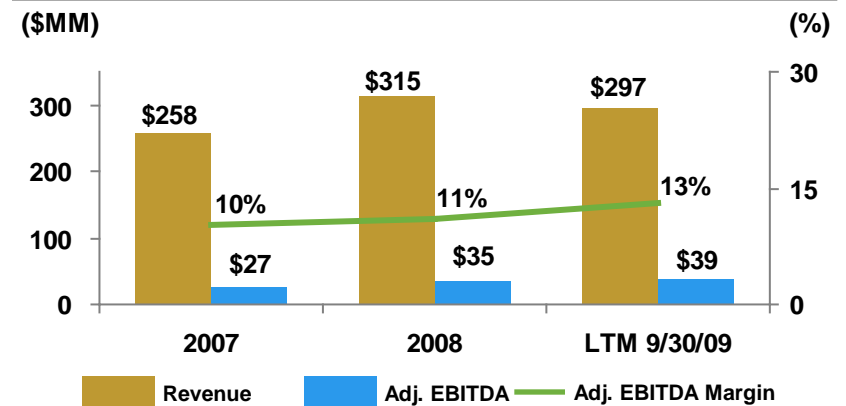
Overview of Technology Solutions Business

- Provides a range of fully managed IT services including data center colocation services and equipment sales
- ~70k square feet of capacity added since 3Q08
 - Success-based capex
 - 80% utilization as of 9/30/09
- Adj. EBITDA CAGR of 30% since 2005

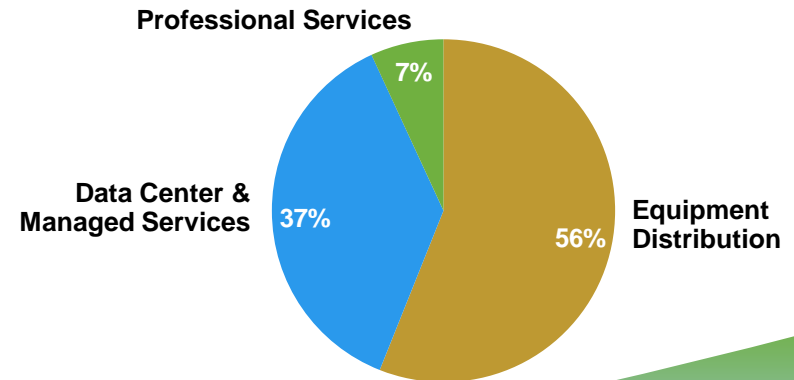
Square Feet Capacity



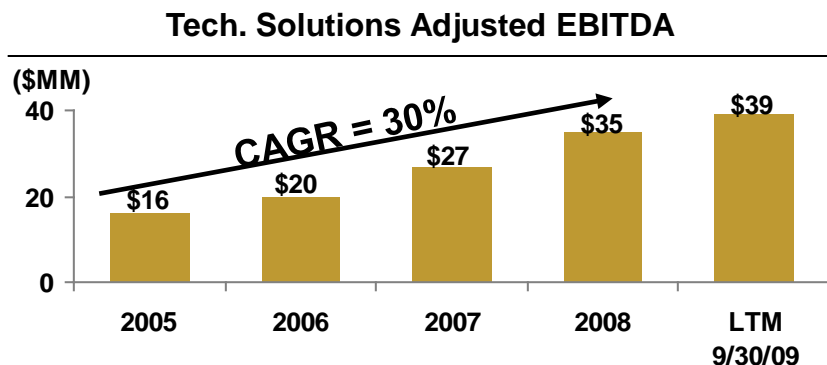
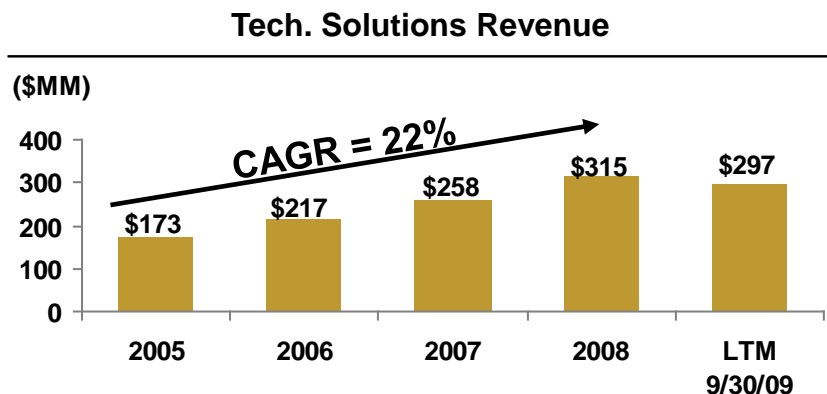
Tech Solutions Performance



LTM 9/30/09 Revenue Mix



Investing in Future Growth

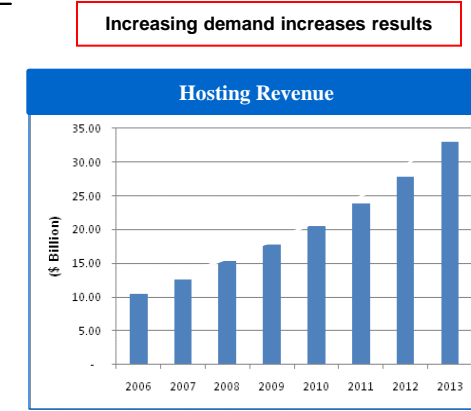
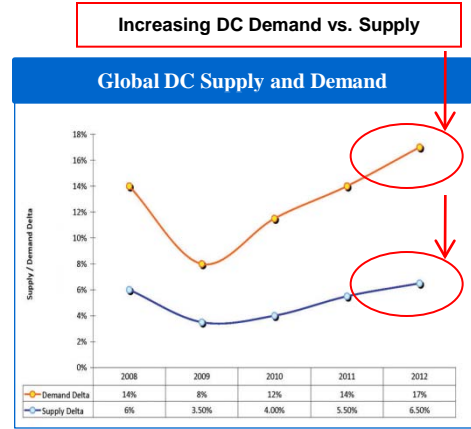
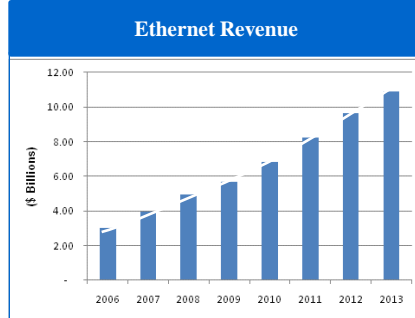
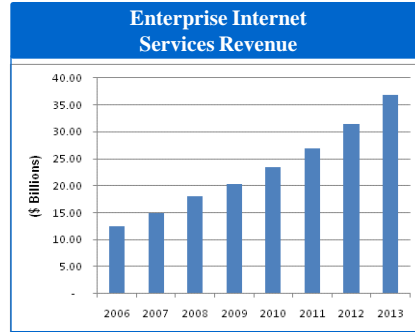
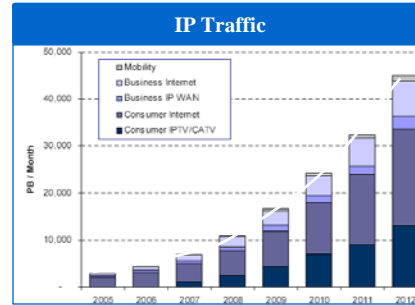


- Data center business is growing at 20%+ CAGR
- Natural extension of Wireline business given expertise in:
 - Management of networks
 - Interconnection with carriers
 - VoIP networks
- Repeatable business model that is not geographically constrained
- Success based capital spending
- Named service provider to new data center virtualization joint venture

Data Usage Continues to Grow

Applications

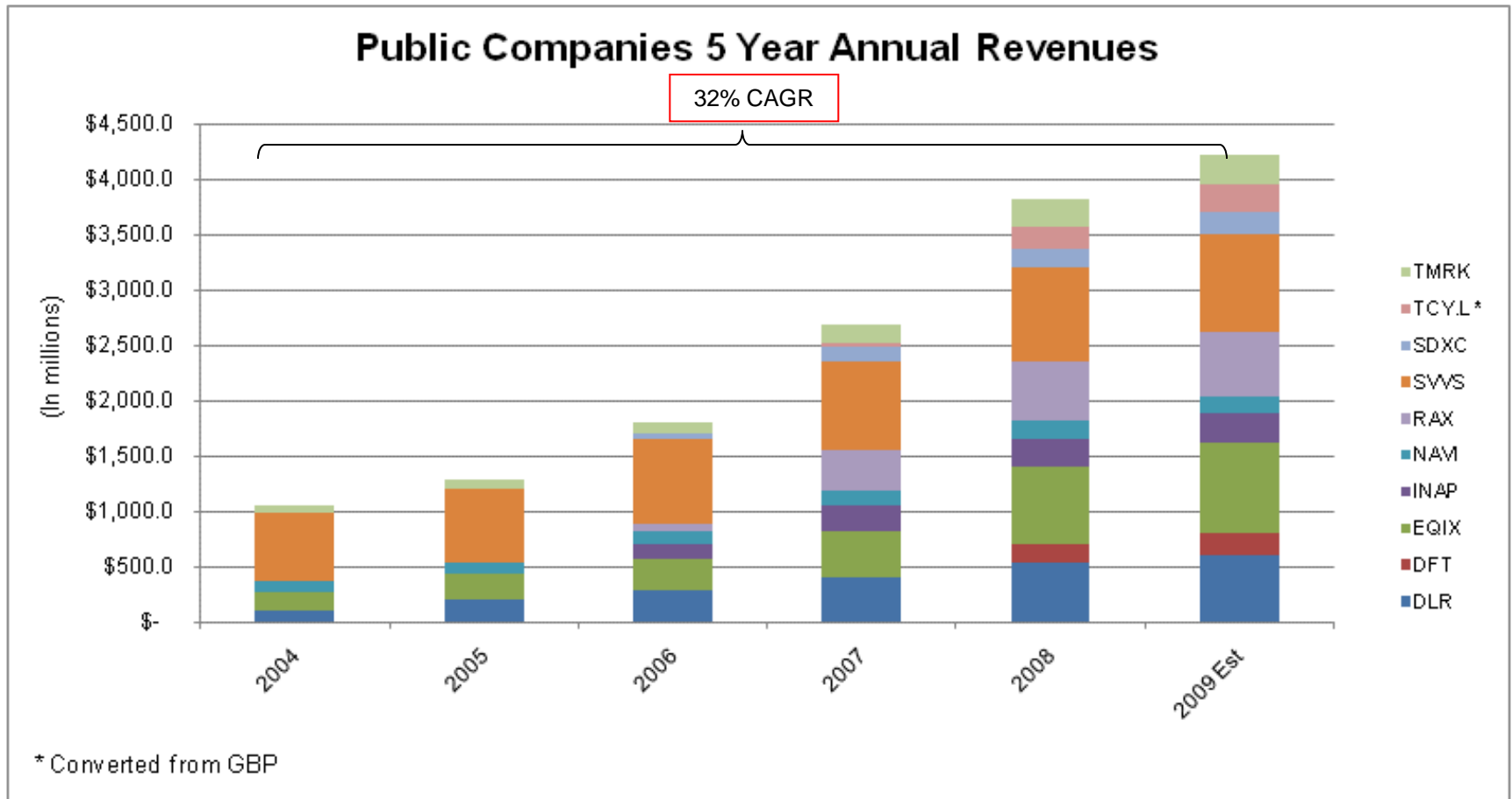
Industries



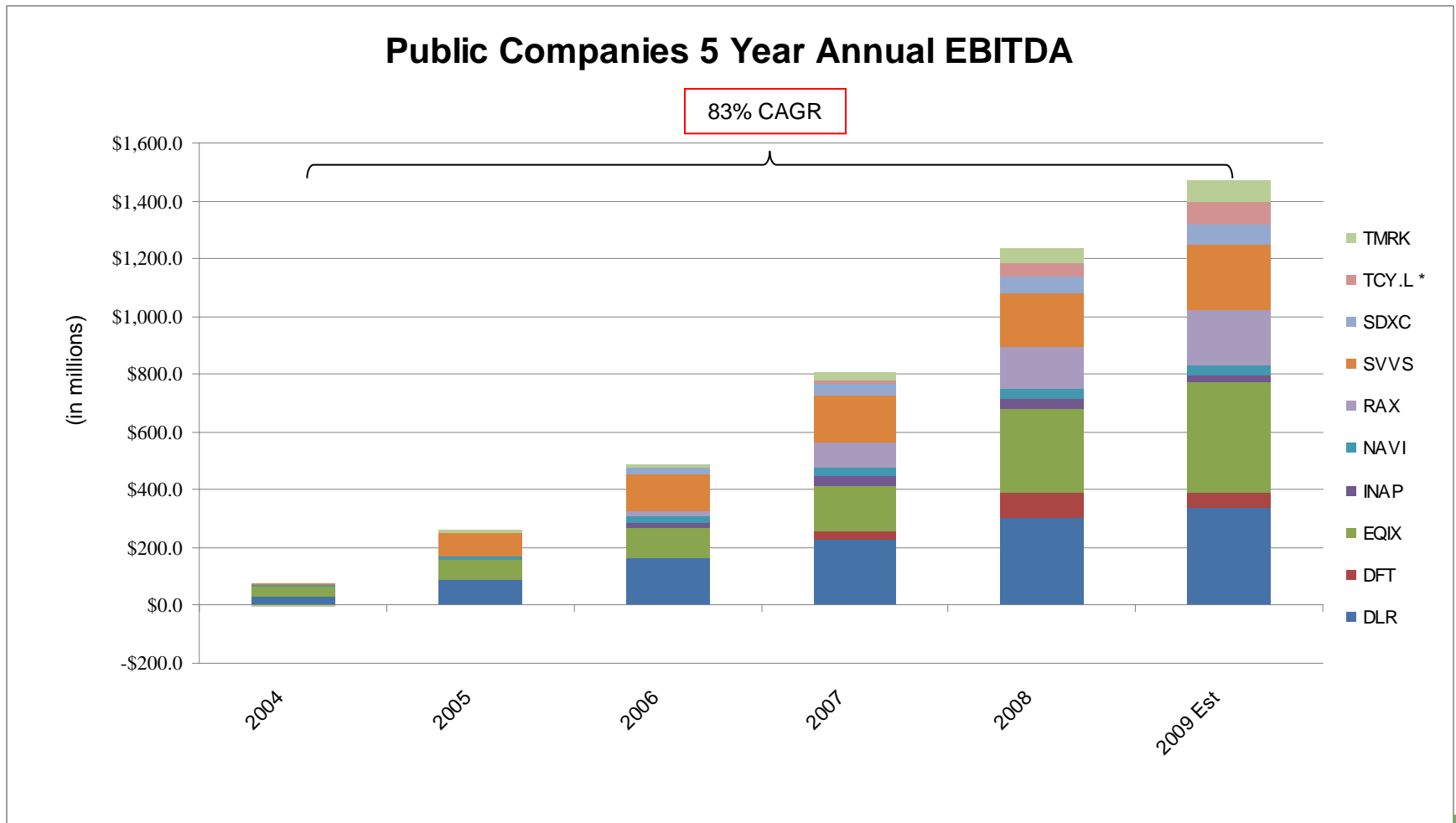
Sources:
 Gartner - G00167790 April 2009
 Tier 1 - DC Supply/Demand 2009 Midyear
 Canaccord/Adams - Equity Research June 2009

Drivers *increase* Consumption *which fuels* Demand

Growth Reflected in Peer Results



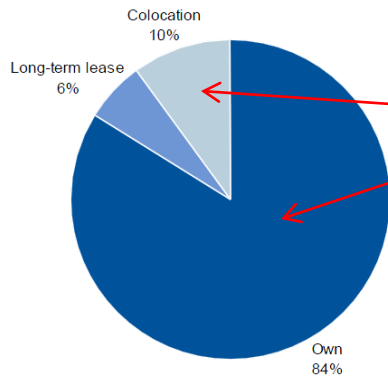
Bottom Lines Growing



Source: DH Capital – Sept 2009

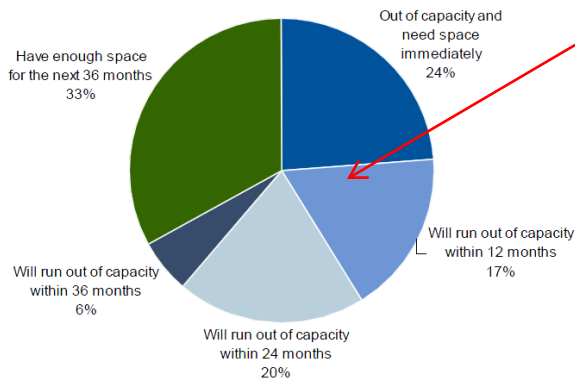
Strong Customer Fundamentals

How do you Obtain DC Space?



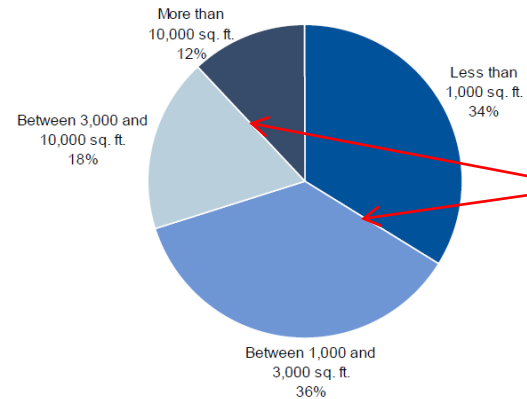
10% of companies have outsource relationship
84% currently do not

What is Your Expected Need?



67% of companies will need space within 36 mo's

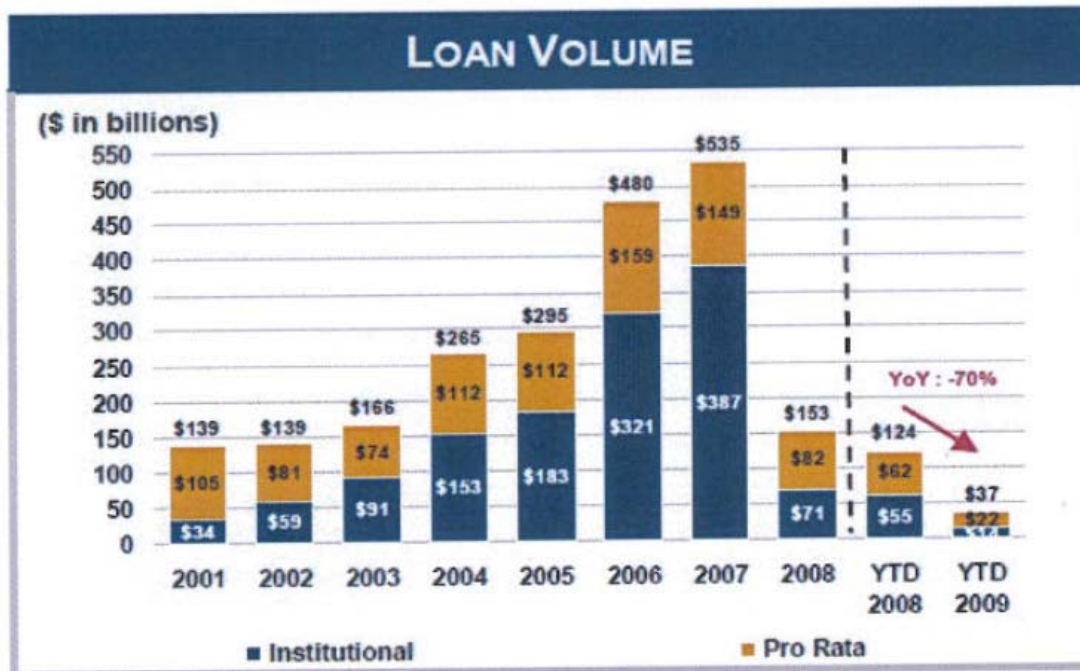
How much Space will you Need?



70% of companies will need at least 3k Sq Ft of Space – Mid Range Companies
30% will need greater than 3k – Enterprise Range

Access to Low Cost Capital

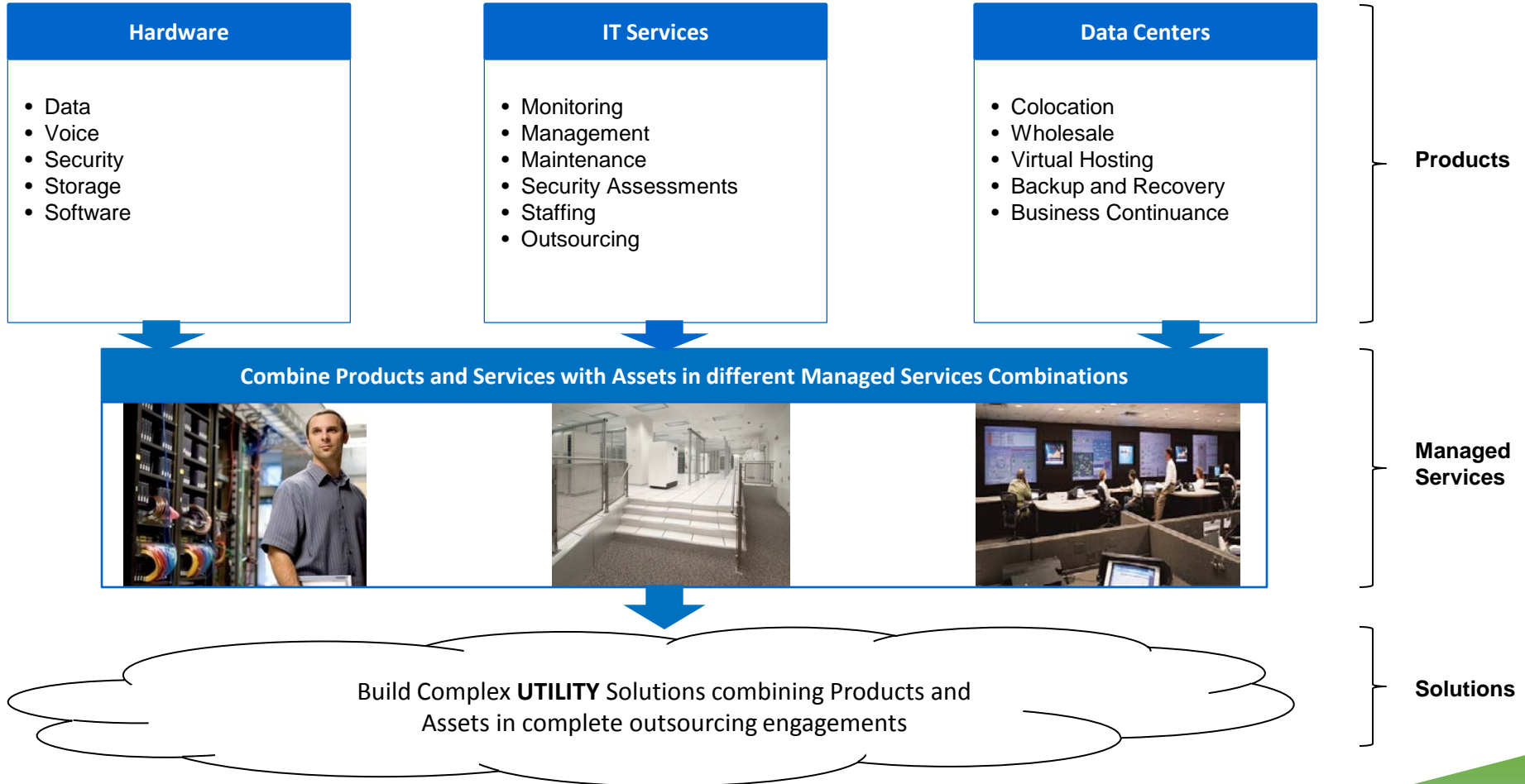
Data Center Company attached to a Bank



Source: DH Capital – Sept 2009

- Loan Volume Down Significantly
- \$1.1 Trillion in Maturities coming due over the next 5 yrs
- Commercial Real Estate market moving to Recourse Only, Higher Equity contribution, Higher Cost of Debt
- \$1.3B in financing recently injected in to this Market, approx ½ went to refinancing current Debt
- The largest issue the market is dealing with is “How to finance growth”?
- Constraints in financing will add to continued **Constraint in Data Center Supply**

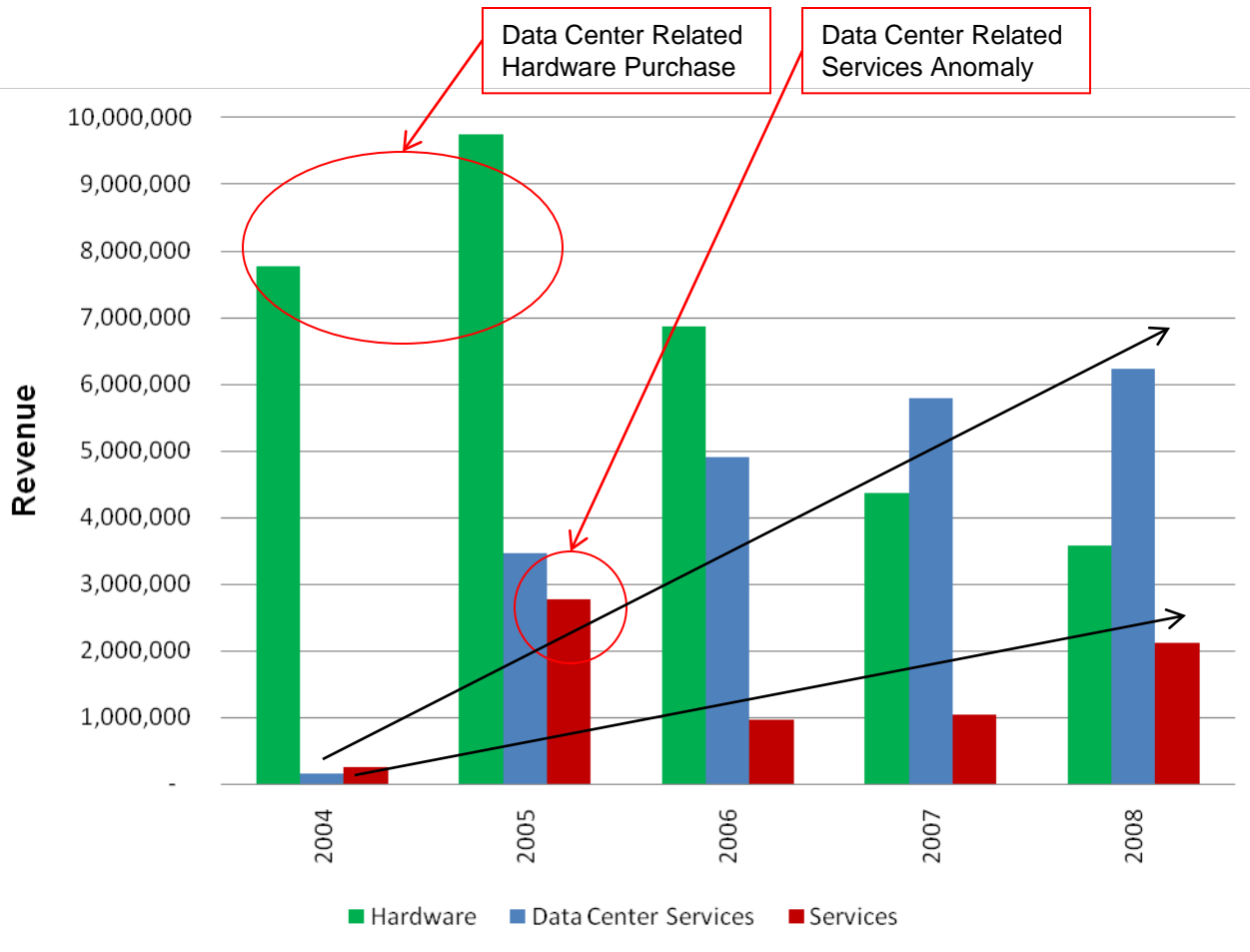
Transforming Products to Solutions



Our products and services can be purchased individually, in various combinations, or as a part of a total or partial outsourcing arrangement.

The Approach Works

Large Enterprise Customer

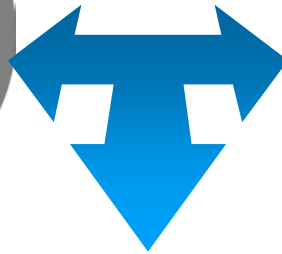


- Low Margin Product Sales High During DC Integration but lower over time
- High Margins Services Grow over time and become more complex

Financial Strategy and Results

Financial Strategy

**Sustained Revenue
and Modest Adjusted
EBITDA Growth Leads to
Maintenance of
Enterprise Value**

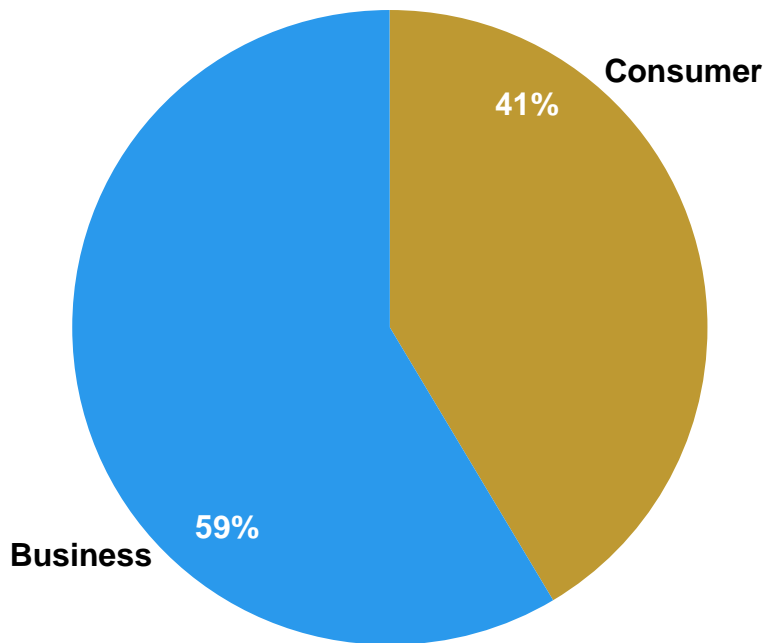


**Strong Cash Flow to be Used
to Invest in Growth Business
and Retire Debt**

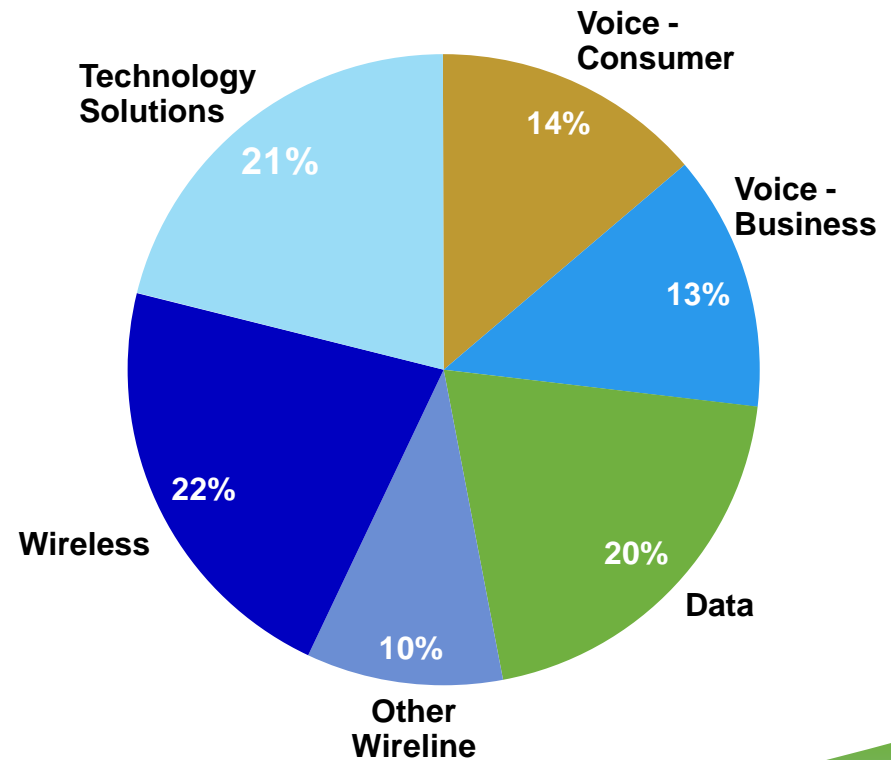
**Shareholder Reward
Through Larger Claim of
Total CBB Value**

Consistent Execution of Diversification Strategy

LTM 9/30/09 Customer Channel Mix

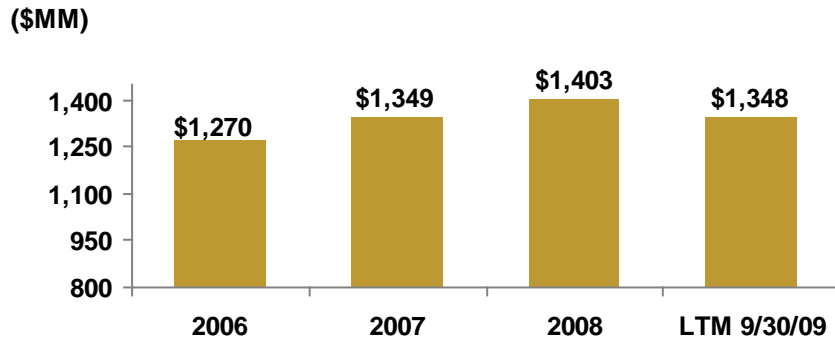


LTM 9/30/09 Product Mix

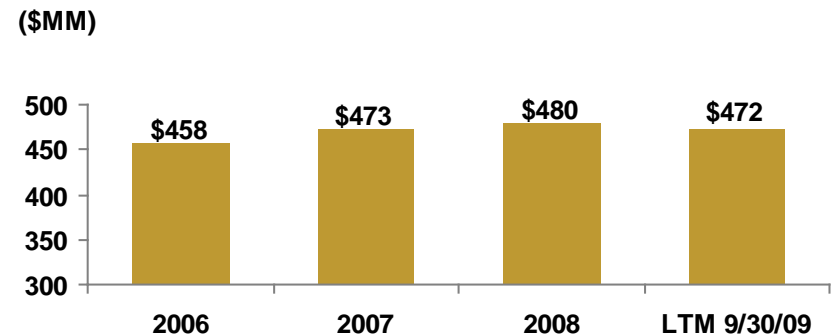


Proven Track Record

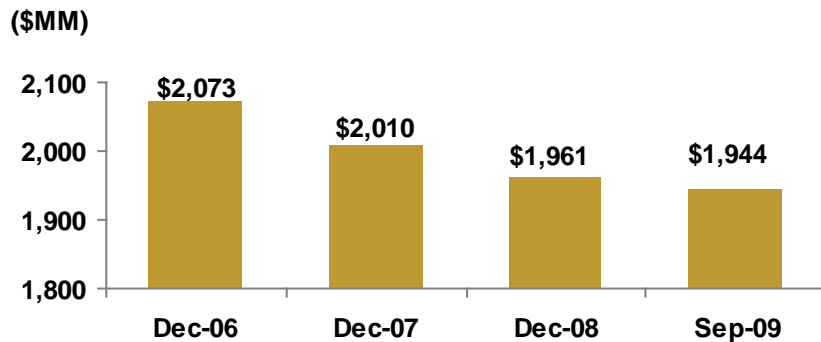
Revenue



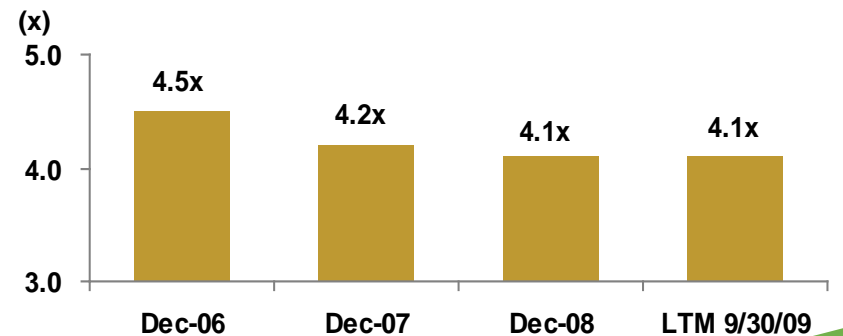
Adjusted EBITDA



Total Debt



Total Debt / Adjusted EBITDA



By the end of 2009, CBB will have purchased \$150M in shares or 20% of our outstanding shares since 2007

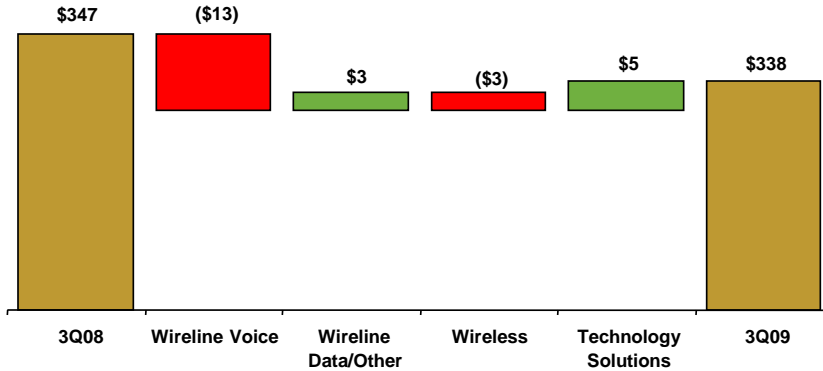
3Q09 Results Summary

- Diluted earnings per share of 12 cents up 18 percent versus third quarter 2008 and up 7 percent versus second quarter 2009;
- Revenue of \$338 million down 3 percent to last year and up 3 percent sequentially;
- Adjusted EBITDA of \$120 million flat to last year and up 2 percent sequentially;
- Returned \$58 million to shareholders - \$25 million of share repurchases and \$33 million of debt repurchases at a 24 percent discount;
- Completed \$500 million issuance in October 2009 of 8¼% Senior Notes due 2017 to call the company's outstanding 7¼% Senior Notes due 2013 – eliminating all significant debt maturities until 2014;
- Named recently as service provider partner to the newly formed Virtual Computing Environment Coalition, a joint venture including Cisco, EMC and VMware;
- Reiterates 2009 guidance

3Q09 Revenue and Adjusted EBITDA

Revenue

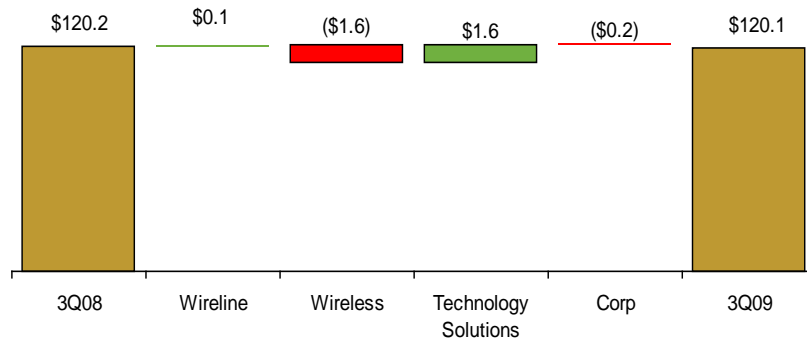
(\$MM)



- (4%) decrease in Wireless service revenue
 - (\$3.1M) postpaid
 - \$0.5M prepaid
- Wireline Data/Other
 - 2% data growth, due to data transport
- 7% increase in Technology Solutions
 - \$2M / 5% telecom and IT equipment
 - \$3M / 10% data center and managed services

Adjusted EBITDA

(\$MM)

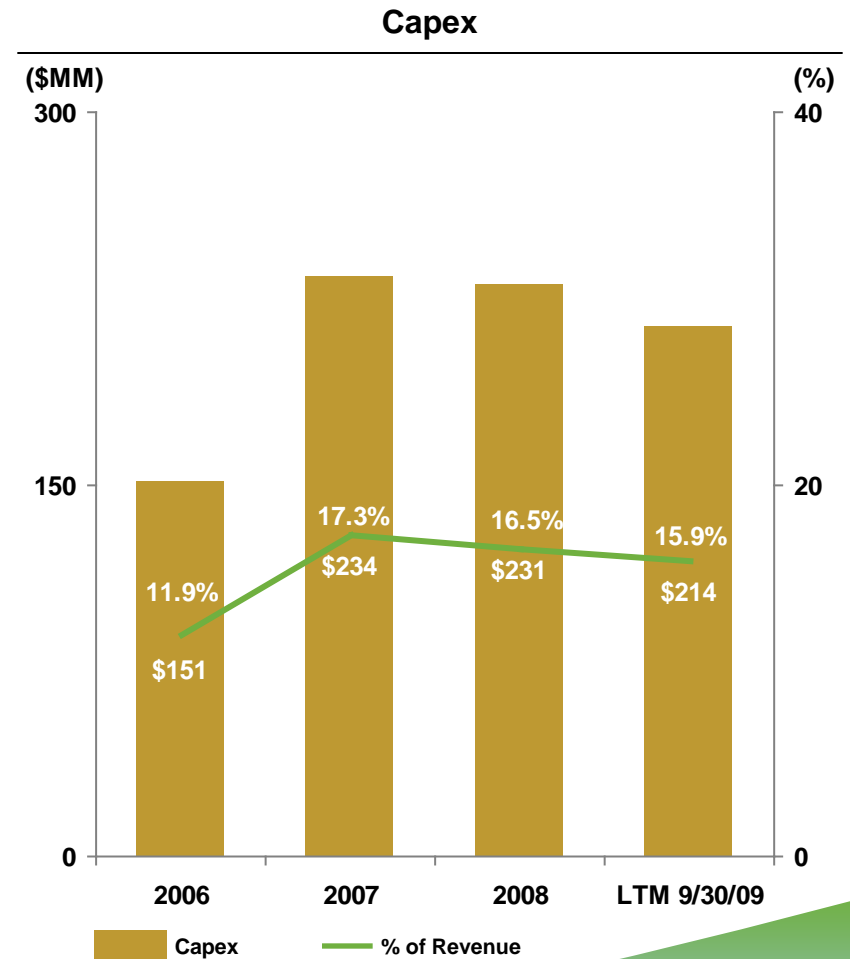


- Flat Wireline results
 - Cost reductions offset revenue decline
- (8%) decrease in Wireless
 - (\$2.6M) service revenue decline due to lower postpaid subs
- 16% increase in Technology Solutions
 - \$2.5M data center and managed services revenue growth
 - 14.9% Adjusted EBITDA margin (1.1 percentage point improvement vs. prior year)

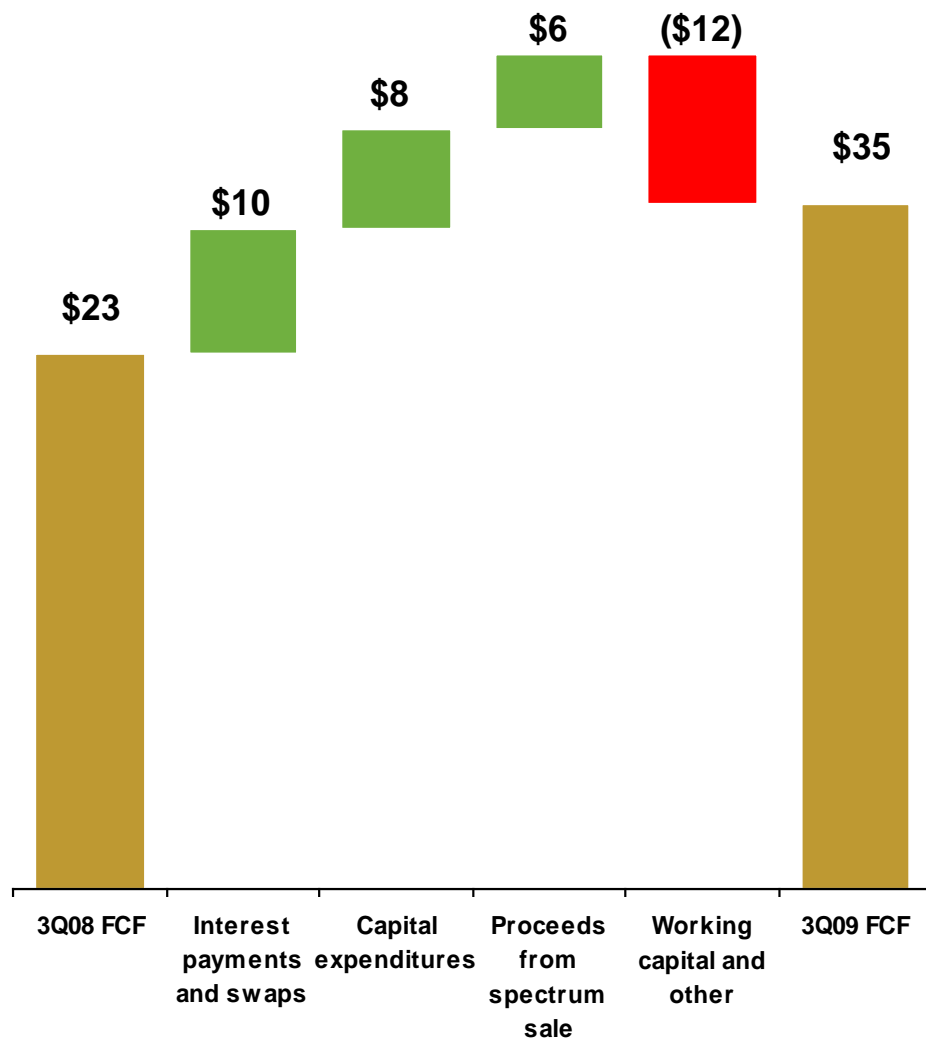
Disciplined Expense and Capital Management

Annualized Cost Reductions (\$MM)

Pension and postretirement plan changes	\$19
Payroll and employee-related	5
IT Outsourcing	4
401K match suspension	3
Total Cost Reductions	\$31



3Q09 Free Cash Flow Growth

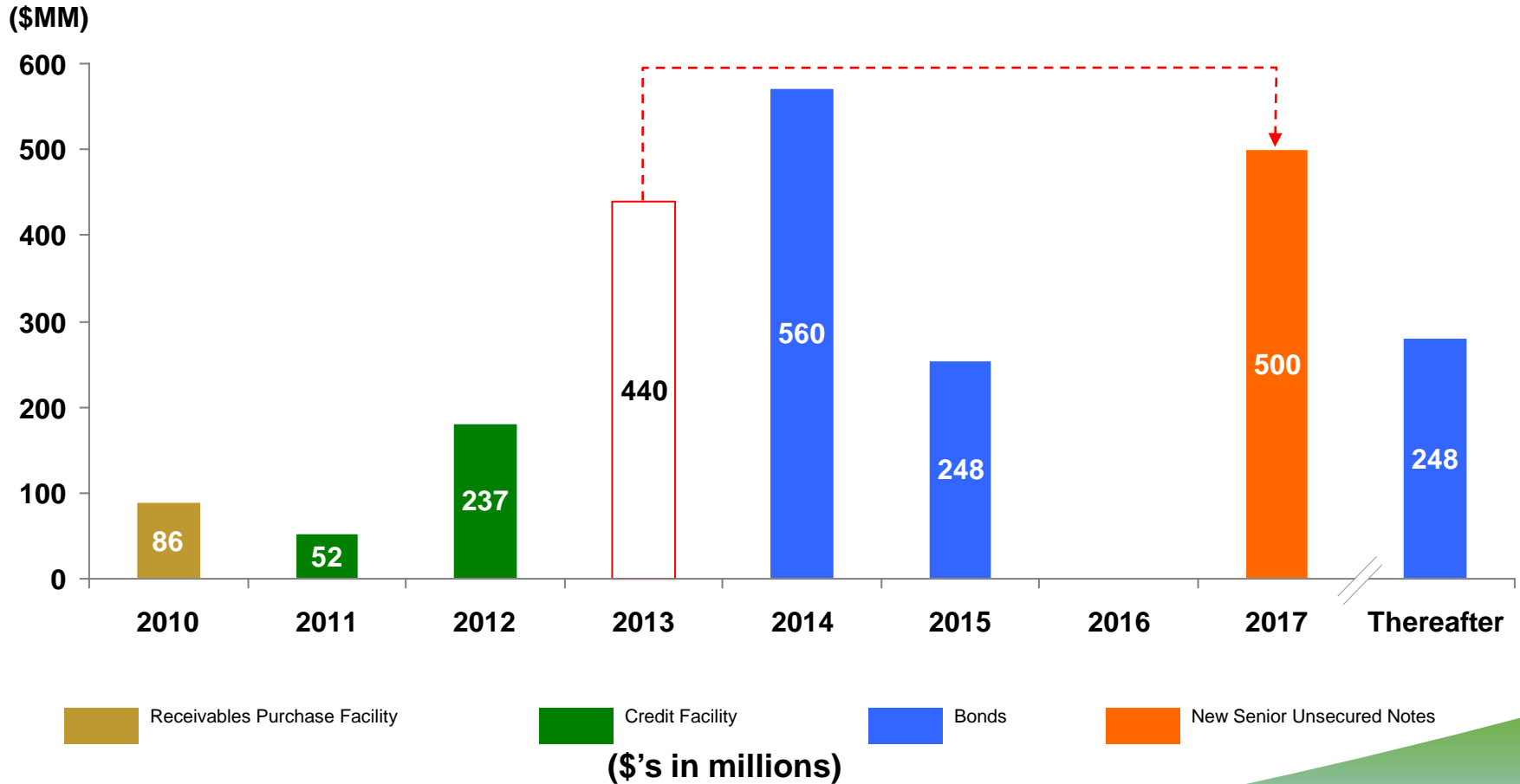


(\$'s in millions)

- Free cash flow increased \$12M y/y
 - \$10M from lower interest payments and termination of interest rate swaps
 - \$8M from decrease in capital expenditures
 - \$6M from sale of wireless spectrum
 - (\$12M) increase in working capital and other mainly due to higher receivables
- CBB is not currently a meaningful cash tax payer with significant NOL tax assets

Limited Near-Term Maturities

- Recent transaction extended 2013 maturities to 2017
- No significant maturities until 2014



Excludes capital lease and other debt and unamortized call amounts related to terminated interest rate swaps.

Wireless Communications Towers

- Sale of wireless communications towers
 - Entered into a definitive agreement with American Tower Corporation to sell 196 wireless towers
 - Proceeds of \$100 million, approximately \$510 thousand per tower
 - CBW will remain a tenant on all towers pursuant to a 20 year Master Lease Agreement that provides for operating flexibility
 - Expected to close on or about December 30, 2009

- Effective source of financing
 - Essentially a 5% cost of financing
 - No debt covenants

Summary of Key Strengths

Stable Operating Company With 135 year History

- Excellent reputation for managing a high quality network and service in local community for almost 135 years
- Innovative company and pioneer in acquiring wireless and data center assets
- Experienced management team with proven track record

Revenue and Adjusted EBITDA Visibility

- Significant recurring revenue allows company to consistently deliver annual revenue and Adjusted EBITDA guidance
- Successful in managing expenses and maintaining margins
- Own a growing data center business

Strong Balance Sheet and Cash Flow

- Operating cash flow of \$404MM and free cash flow of \$164MM in 2008
- Moderate leverage, solid liquidity and limited near-term maturities
- Opportunistic in purchasing debt at attractive prices
- Extremely disciplined capital allocation process
- Minimal cash taxes paid as a result of existing federal NOLs of \$1.2Bn