

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

OR

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

For the transition period from _____ to _____

Commission file number 1-8519

CINCINNATI BELL INC.

An Ohio
Corporation

I.R.S. Employer
No. 31-1056105

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

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

Title of each class -----	Name of each exchange on which registered -----
Common Shares (par value \$1.00 per share)	New York Stock Exchange Cincinnati Stock Exchange

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

At February 28, 1997, there were 67,828,066 common shares outstanding.

At February 28, 1997, the aggregate market value of the voting shares owned
by non-affiliates was \$4,185,888,832.

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

Yes No

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

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of the registrant's annual report to security holders for the fiscal year ended December 31, 1996 (Parts I, II and IV)
- (2) Portions of the registrant's definitive proxy statement dated March 12, 1997 issued in connection with the annual meeting of shareholders (Part III)

TABLE OF CONTENTS

PART I

Item - - - - -	Page - - - - -
1. Business	1
2. Properties	17
3. Legal Proceedings	17
4. Submission of Matters to a Vote of the Security Holders	18

PART II

5. Market for the Registrant's Common Equity and Related Security Holder Matters	21
6. Selected Financial Data	21
7. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
8. Financial Statements and Supplementary Data	21
9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	21

PART III

10. Directors and Executive Officers of Registrant	21
11. Executive Compensation	21
12. Security Ownership of Certain Beneficial Owners and Management	21
13. Certain Relationships and Related Transactions	21

PART IV

14. Exhibits, Financial Statement Schedule, and Reports on Form 8-K	22
---	----

See page 19 for "Executive Officers of the Registrant".

PART I

ITEM I. BUSINESS

GENERAL

The Company is a diversified telecommunications company with principal businesses in three industry segments. The telephone operations segment, Cincinnati Bell Telephone Company ("CBT"), provides local telephone exchange services and products in the Greater Cincinnati area. The information systems segment, Cincinnati Bell Information Systems Inc. ("CBIS"), provides and manages

customer-care and billing solutions for the communications and cable TV industries. The teleservices segment, MATRIXX Marketing Inc. ("MATRIXX"), provides a full range of outsourced marketing solutions to large corporations. The Company'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 in the marketing of computer and telecommunications equipment.

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

STRATEGY

The three principal businesses and other interests of the Company 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, the Company seeks to take advantage of the opportunities arising from the growing communications market and from the growing trend to outsource information services and teleservices. CBIS and MATRIXX have unique insight into the customer-care requirements of their clients because of the knowledge and expertise they have developed by servicing CBT, a full-service telecommunications provider. The Company's ability to provide unique insight into the customer-care requirements of outsourcing clients of both CBIS and MATRIXX is enhanced by the knowledge and expertise developed by servicing CBT, a full-service telecommunications provider.

In addition to the growth opportunities and synergies created by working together, each business - CBT, CBIS and MATRIXX - 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 as it markets 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. MATRIXX's strategy is to develop long-term strategic outsourcing relationships for teleservices support of large clients in the telecommunications, technology, financial services, consumer products and direct response industries.

TELEPHONE OPERATIONS

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 1996. In 1996, CBT provided 39% of the Company's revenue and 45% 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 Cincinnati metropolitan 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. CBT bundles a broad and increasing range of communications-related products and services under that name.

CBT's service record is among the best in the industry. Based on reports to the Federal Communications Commission ("FCC"), CBT receives fewer customer reports of service trouble per line than do nearly all other large U.S. telecommunications companies. In 1996 CBT averaged only 1.3 trouble reports per 100 customer lines per month. In 1995 (latest information available) comparable RBOC rates ranged from 1.3 to 2.7. In the face of increased access line growth, CBT has an exceptional record for keeping installation appointments and for completing new service orders within five days.

Since the beginning of 1990, CBT has invested more than \$745 million to upgrade its plant and equipment with modern technology. Of its network access lines, 91% are served by digital switches, 100% have ISDN capability and 100% have Signaling System 7 capability, which supports enhanced features such as Caller ID, Call Trace and Call Return.

During the first quarter of 1995, CBT launched initiatives to improve service to its customers and reduce costs, resulting in a \$124 million special charge for restructuring. CBT continued to implement its restructuring plan in 1996. This plan will be completed early in 1997. While staff levels have been reduced 19% over two years, during 1996, staff was reduced only 1% due to higher business volumes and new marketing efforts.

BUSINESS

On December 31, 1996, CBT had approximately 944,000 network access lines in service, an increase of 4.1% or 38,000 lines from December 31, 1995. Approximately 70% of CBT's network access lines serve residential customers and 30% serve business customers. The growth in additional access lines to residential customers has been particularly strong at CBT over the last several years. These customers are adding lines for home offices, on-line services and increased household telephone usage. In 1996, additional lines accounted for more than 62% of residential lines added during the year. As of December 31, 1996, approximately 9% of CBT's residential customers had additional access lines. CBT expects strong growth in additional lines to continue.

2

Approximately 91% 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. CBT has approximately 1,300 miles of fiber optic cable throughout the network which provides synchronized optical network technology to eight business districts and customer specific applications as well as inter-office connectivity and local loop applications.

CBT provides 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, Lucent Technologies and 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-Registered Trademark-, 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.

Local services generated approximately 57% of CBT's revenues in 1996. The

increasingly competitive network access and toll services generated only 29% of CBT's 1996 revenues, a smaller percentage than most of the nation's largest local exchange telephone companies receive. 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 local exchange, intraLATA long-distance, enhanced calling such as voice messaging, customer premises maintenance and repair, wireless communications, special access, public telephone 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 the Company's strategy for 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, the Company has unique strengths that could be effective in marketing a broad array of communications services outside of CBT's existing service territory. The Company is exploring such opportunities, both on its own or in partnership with other communications services companies.

3

The Company was the successful bidder of a 10MHz license to offer PCS service in the Greater Cincinnati area in an FCC-sponsored auction. It is expected that the auction results will be finalized in the next few months. Ameritech, as general partner of a limited partnership offering cellular service in much of central and southeastern Ohio, including Greater Cincinnati, and in which the Company is a 45% limited partner, has filed suit in Delaware Chancery Court seeking to prevent the Company from offering PCS service directly or through resale.

REGULATION

CBT's local exchange, network access and toll telephone operations are regulated by the Public Utilities Commission of Ohio ("PUCO"), the Public Service Commission of Kentucky ("PSCK") and the FCC with respect to rates, services and other matters. (See the discussion under the caption "Cautionary Statements".)

INFORMATION SYSTEMS

Cincinnati Bell Information Systems Inc.

GENERAL

CBIS was formed in 1983 to leverage the Company'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. communications industry. CBIS accounted for approximately 29% of the Company's 1996 consolidated revenues and 28% of its total operating income excluding special items.

CBIS is the leading provider of billing and customer-care services to the wireless telecommunications market in North America, which includes cellular and the personal communications services ("PCS") businesses. Revenues and subscribership in the cellular industry have been growing in excess of 30% per year. CBIS's billing systems serve many of the top cellular carriers. They generate bills for cellular telephone customers in 23 of the 25 largest U.S. metropolitan areas. CBIS's service bureaus generated billing information for monthly customer statements for approximately 30% of U.S. cellular subscribers in 1996. CBIS's revenue from cellular clients increased from \$144 million in 1993 to \$315 million in 1996.

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 1996, CBIS acquired International Computer Systems, Inc., an international provider of wireline customer-care and billing solutions, from WorldCom, Inc. It also acquired Swift Management Services, a distributor of CBIS's integrated cable telephony billing systems in Europe. In December 1995, CBIS acquired ISD, a developer of billing systems for the cable television industry. In March 1995, CBIS acquired X International, an information technology company located in Bristol, England that provides customer-care and billing software for telecommunications companies that use 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 service bureaus where its experience result in significant cost and service advantages for clients. These advantages include predictable costs, information management expertise, access to advanced technology without capital expense, and reliance on a provider focused on billing.

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 information for more than 12 million bills per month, including approximately 700,000 bills generated for CBT. CBIS's computers process over 356 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 on prior written notice. CBIS's four largest clients, other than CBT, are AT&T, 360 DEG. Communications, Dutch PTT and Ameritech Corporation, which collectively accounted for approximately 67% of CBIS's 1996 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 DEG. Communications. CBIS's contract with Comcast Cellular was extended to 2003 and its contract with 360 DEG. 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 cable television clients at year-end, 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 \$6 billion in 1996. 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.

5

The cellular industry's subscriber base was approximately 43 million at the end of 1996. At the end of 1996, CBIS's data centers generated billing information for more than 12 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 66% of CBIS's 1996 total revenue.

OPPORTUNITIES

Increased competition in the communications industry should increase the opportunities for CBIS. One such opportunity, PCS, uses digital technologies to increase the range of features, service quality and operating efficiency of mobile communications services.

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, Bell Atlantic Corporation, NYNEX Corporation and U S West Media Group,

announced 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 PCS, a wireless partnership among Sprint Corporation, Tele-Communications, Inc. ("TCI"), Comcast Cellular and Cox Communications, Inc. Sprint PCS owns PCS licenses covering approximately 195 million net POPs and is 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 the second largest owner of PCS A and B block licenses.

These new PCS contracts, coupled with CBIS's 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, software development and professional consulting services. The contract relates to AT&T's proposed reentry into the local telephone market as either a reseller or facilities-based provider of local exchange services. AT&T is registering to offer these services throughout the United States and is negotiating for resale agreements with selected LECs. As with PCS, the benefits to CBIS from the 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.

TELESERVICES

MATRIX Marketing Inc.

GENERAL

Based on annual revenues, MATRIX is the largest independent provider of outsourced teleservices. MATRIX provides a full range of customer service, sales support and teleservices solutions to major companies in its targeted industries. In 1996, MATRIX accounted for

approximately 22% of the Company's consolidated revenue and 16% of total operating income excluding special items.

MATRIX principally focuses on developing long-term, strategic outsourcing relationships with large clients in the communications, technology, financial services, consumer products and direct response industries. MATRIX focuses on clients in these industries because of the complexity of the services 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 MATRIX lead to higher returns versus short-term campaign programs. For example, MATRIX built a team of sales account managers who are the dedicated sales channel to a consumer products company's retail and wholesale accounts. MATRIX'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 MATRXXX employees who answer inbound customer service calls are dedicated to serving a single client. Employees supporting DIRECTV-Registered Trademark- 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, MATRXXX provides technical help-desk support for computer products and services, and responds to customer inquiries submitted via the Internet.

MATRXXX operates 19 domestic and 2 international call centers with approximately 7,000 available workstations and more than 14,000 customer-care representatives, including full-time and part-time employees.

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

BUSINESS

MATRXXX provides two categories of teleservices. 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 needs for customer service, technical help-desk support and sales account management. Other services are interactive voice response, Internet E-mail response, research, database management and fulfillment. Based on 1996 revenues, approximately 70% of MATRXXX's business involved responding to inbound calls. MATRXXX considers its industry focus and differentiation of service offerings to be its competitive strengths.

Dedicated customer-care representative teams and call centers support large teleservices 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. MATRXXX has advanced information systems, including proprietary software, and integrated telephone systems to effectively meet client expectations. MATRXXX customer-care representatives receive initial training and on-the-job support to develop calling skills and knowledge of clients' products and services. MATRXXX's services are very labor intensive. Service quality depends in part on its ability to minimize personnel turnover. MATRXXX also competes for qualified personnel with other employers in their geographic markets. There can be no assurance that MATRXXX will be able to hire and retain a sufficient number of qualified personnel in a cost-efficient manner to support continued growth and maintain profitability.

7

MATRXXX's client base primarily includes large companies in the telecommunications, technology, financial services, consumer products and direct response industries. MATRXXX's largest customers in 1996 were AT&T, DIRECTV-Registered Trademark- and American Express Company, which collectively accounted for approximately 44% of 1996 revenues.

MARKET

Teleservices 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. Teleservices companies such as MATRXXX often can provide these services with higher quality and less cost, creating a competitive advantage for MATRXXX's clients. In addition, teleservices companies often can provide a client with current, detailed information about its customers and their purchasing decisions.

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

MATRXXX segments the market for teleservices 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 thereby providing added value. MATRXXX entered the technical help-desk market through its acquisition of Software Support, Inc. in November 1996. MATRXXX entered the interactive and voice response market through its acquisition of certain assets of Scherers Communications, Inc. in August 1996. Many programs now include an automated and interactive voice response component in addition to live agents.

The principal drivers of MATRXXX's overall 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. The Company believes that MATRXXX is well-positioned to capture significant amounts of this business because of its marketing expertise and technological resources ability to deal with increasingly complex customer interactions.

OPPORTUNITIES

MATRXXX believes that the growth of teleservices as a communications medium and the trend to outsource customer service, technical help-desk and sales coverage programs offer significant opportunities to grow its business. Companies now realize that they can improve customer service and increase sales while reducing costs. In addition, MATRXXX has developed services for other subsidiaries of the Company that it can market to other clients. For example, MATRXXX and CBT worked together to develop MATRXXX's help desk support service for CBT's new FUSE-Registered Trademark- 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 to communications providers.

MATRXXX believes that its expertise in the telecommunications, technology, financial service, consumer products and direct response industries are a competitive advantage for developing relationships with large corporations in those industries. In addition, MATRXXX 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.

MATRXXX 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 outbound teleservices, especially calls to consumers. Since MATRXXX concentrates on inbound service and outbound business-to-business teleservices, MATRXXX does not believe that such legislation adversely affects its business

presently. However, there can be no assurance that future legislation will not restrict MATRIXX's ability to conduct its business.

OTHER BUSINESSES

CBLD resells long distance telecommunications services and products as well as voice mail and paging services to residential and business customers mainly 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 state utility commissions. Although no material regulatory developments are pending, any such developments could have an effect on CBLD's resale activities.

CBD 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") markets computer and telecommunications equipment. Its principal market is the secondary market for used and surplus telecommunications systems, including AT&T-brand systems.

The Company 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. The Company's proportionate share of this cellular market represents approximately 2.3 million POPs. See Item 3. "Legal Proceedings".

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 communication 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 levels.

In the future, CBT expects to compete with other providers of local exchange telecommunications service 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 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 firms as large and larger than CBIS as well as potential competitors from other markets similar to those served by CBIS. Major competitors of CBIS include Alltel Corporation, American Management Systems Inc., Andersen Consulting Group and EDS Systems Corp. Niche players or new entrants could capture a segment of the information services market by developing new systems or services that could impact CBIS's market potential. 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 grow at the same rate as in the past.

CBIS believes that it provides superior service because of its knowledge of the communications industry, its technology, its information systems capabilities and resources, and its attention to client needs. As communications customer care and billing becomes more complex, communications 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 teleservices industry in which MATRIX competes is extremely competitive and highly fragmented. MATRIX competes with the in-house teleservices operations of its current and potential clients, other large teleservices companies such as APAC Teleservices, Inc., AT&T American Transtech, ITI Marketing Services Inc., Precision Response Corporation, SITEL Corporation, TeleTech Holdings, Inc., West Teleservices Corporation and numerous smaller companies. MATRIX also competes with alternative marketing media such as television, radio and direct mail advertising. MATRIX differentiates itself from competitors based on its size and scale, selective industry and client focus, financial and technical resources and business reputation.

MATRIX believes that the principal competitive factors in the teleservices industry are service quality, sales and marketing skills, price, technological expertise and customized solutions. The competitive marketplace could begin to place pressure on MATRIX's ability to achieve its

10

goals. There can be no assurance that MATRIX will be able to achieve the growth and financial results that it has had in the past several years.

OTHER BUSINESSES

The Company'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. CBLD's competitors include interexchange carriers and selected local telecommunications services companies. CBD's competitors are directory services companies, newspapers and other media advertising services providers in its region. Supply's competitors include vendors of new and used communications and computer equipment, operating regionally and across the nation.

11

CAPITAL ADDITIONS

The Company has been making large expenditures for construction of telephone plant and investments in its existing subsidiaries and new businesses. As a result of these expenditures, the Company expects to be able to introduce new products and services, respond to competitive challenges and increase its operating efficiency and productivity.

The following is a summary of capital additions for the years 1992 through 1996:

Dollars in Millions

	Telephone Plant Construction	Investments in Existing Subsidiaries and New Businesses	Total Capital Additions
1996	\$ 101.4	\$ 119.4	\$ 220.8
1995	\$ 90.3	\$ 76.5	\$ 166.8
1994	\$ 112.8	\$ 43.4	\$ 156.2
1993	\$ 111.6	\$ 123.8	\$ 235.4
1992	\$ 95.0	\$ 45.1	\$ 140.1

The total investment in telephone plant increased from approximately \$1,366 million at December 31, 1991, to approximately \$1,572 million at December 31, 1996, after giving effect to retirements but before deducting accumulated depreciation at either date.

Capital additions in 1997 by the Company and its subsidiaries are anticipated to be approximately \$215 million, with \$120 million designated for telephone plant.

EMPLOYEES

At December 31, 1996, the Company and its subsidiaries had approximately 19,700 employees. CBT and CBIS had approximately 2,000 employees covered under collective bargaining agreements with the Communications Workers of America, which is affiliated with the AFL-CIO. The collective bargaining agreements expire in May 1999 as to CBT and September 1999 as to CBIS.

BUSINESS SEGMENT INFORMATION

The amounts of revenues, operating income, assets, capital additions, depreciation and amortization attributable to each of the business segments of the Company for the year ended December 31, 1996, are set forth in the table relating to business segment information in Note 18 of the Notes to Financial Statements in the Company's annual report to security holders, and such table is incorporated herein by reference.

CAUTIONARY STATEMENTS

The Company wishes to take advantage of the "safe harbor" provisions included in the Private Securities Litigation Reform Act of 1995. To that end, except for certain historical information, the Business sections (Item 1) and Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 7) contain forward-looking statements, including statements concerning regulatory and competitive factors, the development and introduction of new

products and services and the development of customer strategies to improve the Company's financial position and results of operations. These statements involve a number of risks and uncertainties. The Company cautions readers that any forward-looking statements made by the Company herein and in future reports and statements are not guarantees of future performance and that actual results may differ materially from those in forward-looking statements as a result of various factors including, but not limited to, the following factors set forth below.

REGULATORY AND COMPETITIVE TRENDS REGARDING TELEPHONE OPERATIONS

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.

FEDERAL - 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. 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 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 rebundle unbundled elements and services, 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. A petition to vacate the Eighth Circuit's stay of these rules has been denied by the United States Supreme Court. 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. Oral argument of the appeal was held in St. Louis on January 17, 1997. The Court of Appeals has not yet issued a decision in this case. 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, the Company 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 based on recommendations 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.

OHIO - 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., 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. On January 6, 1997, CBT and two other local exchange carriers filed appeals with the Ohio Supreme Court challenging the legality of certain of the PUCO's local competition guidelines. Since the PUCO's guidelines largely mirror the FCC's rules, CBT's appeal raised many of the same issues that are currently pending before the Eighth Circuit Court of Appeals. The Company believes that CBT will face increased competition under the PUCO's local competition guidelines, which may have a material adverse effect on its operating results. To date, seven entities have requested interconnection discussions with CBT.

KENTUCKY - 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 addition to seeking appellate review of the FCC's rules and the PUCO's guidelines, CBT recently made two filings with the PUCO which, if approved, may mitigate the impact on CBT. The

14

first of these filings was a petition for suspension/modification of certain of the requirements imposed by the FCC and PUCO. Section 251 (f) (2) of the Telecommunications Act of 1996 allows local exchange carriers serving fewer than 2% of the nation's access lines to seek suspension or modification of the Act's local competition provisions by filing a petition with their state commissions. CBT filed its petition with the PUCO on December 9, 1996. The PUCO has not yet issued a decision. The second filing, made by CBT on December 30, 1996, was CBT's notice of intent to seek approval of a new alternative regulation plan. CBT filed its proposed new alternative regulation plan with the PUCO on January 29, 1997. If approved, the new alternative regulation plan would allow CBT to rebalance its current rate structure, significantly reducing the implicit subsidies contained in the Company's current rates. The new alternative regulation plan also would give CBT greater pricing flexibility to respond more effectively to competitive market forces.

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 44% of its 1996 revenues. In the case of CBIS, its four largest customers, other than CBT, collectively represented approximately 67% of its 1996 revenues. Each of the Company'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 1996, revenues from AT&T accounted for 25% of the Company'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 the Company's operating results.

In February 1997, CBT and AT&T announced that they had signed a memorandum of understanding to extend their strategic relationship for the marketing and provisioning of telecommunications services in the Cincinnati area. Significant work remains to turn the understanding into a multi-year contract satisfactory to CBT. This agreement does not involve AT&T's relationship with the Company's other 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., 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 the Company'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 rate 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 the Company, 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. The Company's businesses are highly dependent on its computer, telecommunications and software

15

systems. The Company's failure to maintain the superiority of its technological capabilities or to respond effectively to technological changes could have an adverse effect on its business, results of operations or financial condition. The Company'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 the Company 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 the Company's products or services noncompetitive or obsolete.

POTENTIAL VOLATILITY OF STOCK PRICE

The trading price of the Company's common shares is subject to fluctuations in response to the Company's operating profits, announcements of new contract awards or new products by the Company 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 the Company, its subsidiaries or their competition, including the results of technological innovations, new products, government regulations, litigation or public concern with respect to the Company or its subsidiaries and other factors including those described above, may have a significant impact on the market price of the common shares.

Salomon Inc. has sold 4,000,000 of its 6 1/4% Exchangeable Notes Due February 1, 2001 (the "DECS"). At maturity, the DECS will be mandatorily exchanged by Salomon Inc. into common shares of the Company (or, at Salomon Inc.'s option, cash with equal value) at the rate specified in the prospectus for the offering of the DECS.

It is not possible to predict accurately how or whether any market that develops for the DECS will influence the market for the Company's 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 4,000,000 common shares which may be delivered by Waslic Company II upon the maturity of the DECS (currently constituting approximately 5.9% of the outstanding common shares). 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 the Company and by hedging or arbitrage trading activity that may develop involving the DECS and the common shares.

The Company 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 the Company and other factors.

16

ITEM 2. PROPERTIES

The property of the Company is principally telephone plant which does not lend itself to description by character and location of principal units. Other property of the Company is principally computer equipment, computer software, furniture and fixtures.

The gross investment in telephone plant and other property, in millions of dollars, at December 31, 1996 was as follows:

Telephone Plant	
Land, buildings and leasehold improvement	\$192.8
Central office equipment	600.2
Connecting lines (not on customer premises)	630.2
Station equipment	30.7
Furniture, fixtures, vehicles and other	103.4
Telephone plant under construction	14.4

Total telephone plant	1,571.7

Other Property	
Information systems	197.4
Teleservices	100.1
Other	23.6

Total other property	321.1

Total	\$1,892.8

Substantially all of the installations of central office equipment and garages are located in buildings owned by CBT situated on land which it owns. Some CBT business and administrative offices are in rented quarters, some of which are included in capitalized leases.

On March 20, 1996, the Company sold to a third party a 112,000 square foot building in Erlanger, Kentucky, which was a training and education facility.

CBIS, MATRIX and other Company subsidiaries lease office space in various cities on commercially reasonable terms. Upon the expiration or termination of any such leases, these companies could obtain comparable office space. During the second quarter of 1996, CBIS moved into a new leased office building and data center in Orlando, Florida. The office building has 125,000 square feet and a separate building for the data center has 66,000 square feet. CBIS also leases some of the computer hardware, computer software and office equipment necessary to conduct its business pursuant to short term leases, some of which are capitalized leases.

ITEM 3. LEGAL PROCEEDINGS

None, except as described below.

Cincinnati Bell Cellular Systems Company ("CBCSC") is a limited partner in a partnership (of which Ameritech Mobile Phone Service of Cincinnati, Inc. is the general partner) which provides cellular mobile telephone service in the Greater Cincinnati, Dayton and Columbus areas. The partnership operates in a 9,500 square mile area that contains a population of approximately five million people. On February 23, 1994, CBCSC filed an action in the Court of Chancery of the State of Delaware for New Castle County in which CBCSC sought a dissolution of the limited partnership, the appointment of a liquidating trustee and damages against the general partner because of poor

performance. On October 20, 1995, CBCSC filed a motion for summary judgment on certain counts and Ameritech filed a Motion for Summary Judgment on another count.

On September 3, 1996, the Court denied the Company's motion for summary judgment and granted the general partner's motion for summary judgment. The Company appealed that ruling to the Delaware Supreme Court. In February 1997, the Delaware Supreme Court affirmed the lower court ruling which denied the Company's motion to dissolve the partnership. CINCINNATI BELL CELLULAR SYSTEMS COMPANY V. AMERITECH MOBILE PHONE SERVICE OF CINCINNATI, INC., ET AL.

In November 1996, the cellular partnership sued the Company seeking a declaratory judgment that the Company be denied the opportunity to provide PCS services and be required to withdraw from the partnership. After the Company was the successful bidder for a PCS license, the partnership's general partner wrote a letter to the Company contending that event constituted a withdrawal of the Company from the partnership and amended its lawsuit to seek a declaratory judgment that the Company had withdrawn from the partnership. The Company believes that none of its actions conflict with its partnership interest and that it continues to be a limited partner in good standing in the partnership. The matter is before the Delaware Chancery Court. CINCINNATI SMSA LIMITED PARTNERSHIP V. CINCINNATI BELL CELLULAR SYSTEMS COMPANY. The Company's share of partnership income was \$11.6 million in 1996 and its investment at December 31, 1996, was \$54.4 million. The future earnings of the partnership and the ability of the Company to realize the market value of its investment are uncertain.

On October 4, 1995, the Department of Agriculture filed a claim for approximately \$4 million allegedly representing damages incurred as a result of a latent defect in the work that CBIS performed under Task 1A of a Task Order Contract with the Department of Agriculture. The Company is in the process of appealing this claim to the Court of Federal Claims. Related to this claim, on January 16, 1996, DynCorp pursuant to the provisions of a Stock Purchase Agreement dated October 31, 1994, and as amended May 30, 1995, in which DynCorp purchased 100% of the outstanding capital stock of CBIS Federal Inc., filed demand for arbitration under the procedures of the American Arbitration Association. DynCorp's demand for arbitration seeks damages and other relief as follows: \$2.5 million for monies withheld by the United States Government on certain Department of Agriculture task order contracts, a declaration that CBIS must indemnify DynCorp for additional claims or losses on certain government contracts, an award of \$5 million in punitive damages, and fees and expenses relating to the arbitration proceedings. The arbitration concluded that CBIS did not owe DynCorp any damages but that CBIS was responsible for DynCorp's fees and expenses in defense of the Department of Agriculture's claims.

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

No matter was submitted to a vote of security holders in the fourth quarter of the fiscal year covered by this report.

18

EXECUTIVE OFFICERS OF THE REGISTRANT (DURING 1996).

The names, ages and positions of the executive officers of the Company are as follows:

Name	Age	Title
- ----	---	-----
	(as of 3/31/97)	
Charles S. Mechem, Jr. (a,b)	66	Chairman of the Board
John T. LaMacchia (a,b)	55	President and Chief Executive

		Officer
James F. Orr (a)	51	Chief Operating Officer
William D. Baskett III	57	General Counsel and Chief Legal Officer
Brian C. Henry	40	Executive Vice President and Chief Financial Officer
David S. Gergacz (c)	48	Executive Vice President of the Company and President and Chief Executive Officer of CBT
Robert J. Marino	50	President and Chief Executive Officer of CBIS
David F. Dougherty	40	President and Chief Executive Officer of MATRIXX
Barbara J. Stonebraker	52	Senior Vice President of CBT
William H. Zimmer III	43	Secretary and Treasurer

(a) Member of the Board of Directors

(b) Member of the Executive Committee

(c) Served as Executive Vice President of the Company and President and Chief Executive Officer of CBT until October 17, 1996.

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

CHARLES S. MECHEM, JR., Chairman of the Board of the Company since April 22, 1996; Commissioner Emeritus, Ladies Professional Golf Association ("LPGA"); Commissioner of the LPGA, 1991 - 1995; Chairman of the United States Shoe Corporation, 1993 - 1995; Chairman and CEO of Taft Broadcasting Corporation, 1967 - 1990. Director of AGCO, Mead Corporation, Ohio National Life Insurance Company, J.M. Smucker Company, Star Bank Corp. and its subsidiary, Star Bank, N.A.

JOHN T. LAMACCHIA, President and Chief Executive Officer of the Company since October 1, 1993; President of the Company since January 1, 1988; Chairman of CBT since November 1993; Chief Operating Officer of the Company, 1988 - September 30, 1993; Chairman of CBIS, October 1988 - September 15, 1996. Director of The Kroger Company and Burlington Resources Inc.

JAMES F. ORR, Chief Operating Officer of the Company and Chairman of CBIS since September 16, 1996; Executive Vice President of the Company and President and Chief Executive Officer of CBIS, 1995 - 1996; Chief Operating Officer of CBIS, February 4, 1994 - December 31, 1994; President and Chief Executive Officer of MATRIXX 1993 - 1994; Vice President-Market Development, 1989 - 1992.

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

BRIAN C. HENRY, Executive Vice President and Chief Financial Officer of the Company since March 29, 1993; Vice President and Chief Financial Officer of Mentor Graphics, February 1986 - March 28, 1993.

DAVID S. GERGACZ, Executive Vice President of the Company August 1, 1995 - October 17, 1996; President and Chief Executive Officer of CBT, August 1, 1995 - October 17, 1996. President and Chief Executive Officer of Rogers Communications/Cantel, 1993 - 1995; President and Chief Executive Officer of Boston Technology 1991 - 1993; President and Chief Operating Officer of Network Systems Division of U.S. Sprint, 1988 - 1991.

ROBERT J. MARINO, President and Chief Executive Officer of CBIS since September 17, 1996; Chief Operating Officer of CBIS, October 2, 1995 - September 17, 1996; President - Northeast Region of Nextel, November 1993 - September 1995; President of Houston Cellular Telephone Company, November 1990 - October 1993.

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

BARBARA J. STONEBRAKER, Senior Vice President of CBT since 1990.

WILLIAM H. ZIMMER III, Secretary and Treasurer of the Company since August 1, 1991; Secretary and Assistant Treasurer of the Company, December 1, 1988 - July 31, 1991.

PART II

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

Cincinnati Bell Inc. (symbol: CSN) common shares are listed on the New York Stock Exchange and on the Cincinnati Stock Exchange. As of February 28, 1997, there were approximately 17,256 holders of record of the 67,828,066 outstanding Common Shares of the Company. The high and low sales prices and dividends declared per common share each quarter for the last two fiscal years are listed below:

Quarter		1st	2nd	3rd	4th
1996	High	\$ 53	\$ 57 3/4	\$ 53 3/4	\$ 61 5/8
	Low	\$ 31 3/4	\$ 46 7/8	\$ 45 3/8	\$ 46 1/4
	Dividend Declared	\$.20	\$.20	\$.20	\$.20
1995	High	\$ 22 1/8	\$ 26 1/4	\$ 28 1/8	\$ 35 1/4
	Low	\$ 16 7/8	\$ 20 7/8	\$ 24 3/4	\$ 26 1/8
	Dividend Declared	\$.20	\$.20	\$.20	\$.20

ITEMS 6 THROUGH 8.

The Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Financial Statements and Supplementary Data required by these items are included in the registrant's annual report to security holders for the fiscal year ended December 31, 1996, included in Exhibit 13 and are incorporated herein by reference pursuant to General Instruction G(2).

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

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

PART III

ITEMS 10 THROUGH 13.

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

The other information required by these items is included in the registrant's definitive proxy statement dated March 12, 1997, in the first paragraph on page 2, the accompanying notes on page 2 and the Section 16 (a) paragraph on page 2, the information under "Election of Directors" on pages 6 and 7, the information under "Share Ownership of Directors and Officers" on page 5, the

information under "Executive Compensation" on page 17 through 22. The foregoing is incorporated herein by reference pursuant to General Instruction G(3).

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) Documents filed as part of this report:	Page

(1) Consolidated Financial Statements:	
Report of Management	*
Report of Independent Accountants.	*
Consolidated Statements of Income.	*
Consolidated Statements of Common Shareowners' Equity.	*
Consolidated Balance Sheets.	*
Consolidated Statements of Cash Flows.	*
Notes to Financial Statements.	*
(2) Financial Statement Schedules:	
Report of Independent Accountants.	29
II - Valuation and Qualifying Accounts.	30

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

.....

* Incorporated herein by reference to the appropriate portions of the registrant's annual report to security holders for the fiscal year ended December 31, 1996. (See Part II)

(3) Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission ("SEC"), are incorporated herein by reference as exhibits hereto.

Exhibit
Number
- -----

- (3) (a) Amended Articles of Incorporation effective November 9, 1989. (Exhibit (3) (a) to Form 10-K for 1989, File No. 1-8519).
- (3) (b) Amended Regulations of the registrant. (Exhibit 3.2 to Registration Statement No. 2-96054).
- (4) (a) Provisions of the Amended Articles of Incorporation and the Amended Regulations of the registrant which define the rights of holders of Common Shares and the Preferred Shares are incorporated by reference to such Amended Articles filed as Exhibit (3) (a) hereto and such Amended Regulations filed as Exhibit (3) (b) hereto.
- (4) (c) (i) 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) (c) (ii) to Form 10-K for 1992, File No. 1-8519.
- Indenture dated July 1, 1993, between Cincinnati Bell Inc., Issuer, and The Bank of New York, Trustee, in connection with \$50,000,000 of Cincinnati Bell, Inc. 7 1/4% Notes Due June 15, 2023. Exhibit 4-A to Form 8-K, date of report July 12, 1993, File No. 1-8519.
- (4) (c) (ii) Indenture dated August 1, 1962, between Cincinnati Bell Telephone Company and Bank of New York, Trustee (formerly, The Central Trust Company was trustee), in connection with \$20,000,000 of Cincinnati Bell Telephone Company Forty Year 4 3/8% Debentures, Due August 1, 2002. (Exhibit 4(c) (iii) to Form 10-K for 1992, File No. 1-8519).
- 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) (c) (ii) above.
- (4) (c) (iii) Indenture dated as of October 27, 1993, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee. (Exhibit 4-A to Form 8-K, date of report October 27, 1993, File No. 1-8519).

- (4) (c) (iv) No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
- (10) (ii) (B) Agreement Establishing Cincinnati SMSA Limited Partnership between Advanced Mobile Phone Service, Inc. and Cincinnati Bell Inc. executed on December 9, 1982. (Exhibit (10)(k) to Registration Statement No. 2-82253).
- (10) (iii) (A) (1) (i) * Short Term Incentive Plan of Cincinnati Bell Inc., as amended January 1, 1995. (Exhibit (10)(iii)(A)(1)(i) to Form 10-K for 1995, File No. 1-8519).
- (10) (iii) (A) (2) * Cincinnati Bell Inc. Deferred Compensation Plan for Non-Employee Directors, as amended July 1, 1983. (Exhibit (10)(iii)(A)(3) to Form 10-K for 1986, File No. 1-8519).
- 10(iii)(A)(2)(i) * Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as adopted effective December 31, 1996.
- (10) (iii) (A) (3) * Cincinnati Bell Inc. Pension Program, as amended effective November 4, 1991. (Exhibit (10)(iii)(A)(4)(ii) to Form 10-K for 1994, File No. 1-8519).
- (10) (iii) (A) (4) * Cincinnati Bell Inc. 1988 Incentive Award Deferral Plan, as amended effective November 11, 1988. (Exhibit (10)(iii)(A)(5) to Form 10-K for 1988, File No. 1-8519).
- (10) (iii) (A) (5) (i) * Cincinnati Bell Inc. Senior Management Incentive Award Deferral Plan, as amended January 1, 1984. (Exhibit (10)(iii)(A)(6) to Form 10-K for 1986, File No. 1-8519).
- (10) (iii) (A) (5) (ii) * Amendment to Cincinnati Bell Senior Management Incentive Award Deferral Plan (effective December 5, 1988). (Exhibit (10)(iii)(A)(6)(ii) to Form 10-K for 1988, File No. 1-8519).
- (10) (iii) (A) (6) * Executive Employment Agreement dated December 1, 1987, between the Company and John T. LaMacchia. (Exhibit (10)(iii)(A)(10) to Form 10-K for 1987, File No. 1-8519).
- (10) (iii) (A) (7) * Employment Agreement dated October 1, 1995, between Cincinnati Bell Information Systems Inc. and Robert J. Marino.
- (10) (iii) (A) (8) * Employment Agreement dated January 29, 1996, between the Company and John J. Mueller.
- (10) (iii) (A) (9) * Employment Agreement dated as of January 1, 1995, between the Company and Barry L. Nelson. (Exhibit (10)(iii)(A)(10) to Form 10-K for 1995, File No. 1-8519).
- (10) (iii) (A) (10) * Employment Agreement dated as of January 1, 1995, between the Company and David F. Dougherty. (Exhibit (10)(iii)(A)(11) to Form 10-K for 1995, File No. 1-8519).
- (10) (iii) (A) (11) * Amendment to Employment Agreement dated as of January 1, 1995, between the Company and David F. Dougherty. (Exhibit (10)(iii)(A)(12) to Form 10-K for 1995, File No. 1-8519).

- (10) (iii) (A) (12) * Executive Employment Agreement dated as of March 29, 1993, between the Company and Brian C. Henry. (Exhibit (10) (iii) (A) (14) to Form 10-K for 1993, File No. 1-8519).
- (10) (iii) (A) (13) (i) * Employment Agreement dated as of August 19, 1994, between the Company and James F. Orr. (Exhibit (10) (iii) (A) (17) (i) to Form 10-K for 1994, File No. 1-8519).
- (10) (iii) (A) (14) * Amendment to Employment Agreement dated as of October 31, 1994, between the Company and James F. Orr. (Exhibit (10) (iii) (A) (17) (ii) to Form 10-K for 1994, File No. 1-8519).
- (10) (iii) (A) (15) * Employment Agreement dated as of December 30, 1994, between Cincinnati Bell Telephone Company and Barbara J. Stonebraker. (Exhibit (10) (iii) (A) (18) to Form 10-K for 1994, File No. 1-8519).
- (10) (iii) (A) (16) * Employment Agreement dated August 1, 1996, between the Company and Thomas P. Mehnert.
- (10) (iii) (A) (16) (i) * Cincinnati Bell Inc. Executive Deferred Compensation Plan. (Exhibit (10) (iii) (A) (17) to Form 10-K for 1993, File No. 1-8519).
- (10) (iii) (A) (16) (ii) * Amendment to Cincinnati Bell Inc. Executive Deferred Compensation Plan effective January 1, 1994. (Exhibit (10) (iii) (A) (20) (ii) to Form 10-K for 1994, File No. 1-8519).
- (10) (iii) (A) (17) (i) * Cincinnati Bell Inc. 1988 Long Term Incentive Plan. (Exhibit (10) (iii) (A) (12) (i) to Form 10-K for 1988, File No. 1-8519).
- (10) (iii) (A) (17) (ii) * Amendment to Cincinnati Bell Inc. 1988 Long Term Incentive Plan effective December 5, 1988. (Exhibit (10) (iii) (A) (12) (ii) to Form 10-K for 1988, File No. 1-8519).
- (10) (iii) (A) (18) * Cincinnati Bell Inc. 1988 Stock Option Plan for Non-Employee Directors. (Exhibit (10) (iii) (A) (13) to Form 10-K for 1988, File No. 1-8519).
- (10) (iii) (A) (19) * Cincinnati Bell Inc. 1989 Stock Option Plan. (Exhibit (10) (iii) (A) (14) to Form 10-K for 1989, File No. 1-8519).
- (10) (iii) (A) (20) * Cincinnati Bell Inc. Retirement Plan for Outside Directors. (Exhibit (10) (iii) (A) (21) to Form 10-K for 1993, File No. 1-8519).
- (10) (iii) (A) (21) * MATRIX Marketing Inc. Executive Deferred Compensation Plan.
- (10) (iii) (A) (21) (i) * Amendment to MATRIX Marketing Inc. Executive Deferred Compensation Plan (effective May 1, 1994).
- (10) (iii) (A) (21) (ii) * Amendment to MATRIX Marketing Inc. Executive Deferred Compensation Plan (effective May 4, 1996).
- (11) Computation of Earnings (Loss) per Common Share.

- (12) Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
- (13) Portions of the Cincinnati Bell Inc. annual report to security holders for the fiscal year ended December 31, 1996, as incorporated by reference including the Selected Financial Data, Report of Management, Report of Independent Accountants, Management's Discussion and Analysis and Consolidated Financial Statements.
- (21) Subsidiaries of the Registrant.
- (23) Consent of Independent Accountants.
- (24) Powers of Attorney.
- (27) Financial Data Schedules.
- (99) (a) Annual Report on Form 11-K for the Cincinnati Bell Inc. Retirement Savings Plan for the year 1996 will be filed by amendment on or before June 30, 1997.
- (99) (b) Annual Report on Form 11-K for the Cincinnati Bell Inc. Savings and Security Plan for the year 1996 will be filed by amendment on or before June 30, 1997.
- (99) (c) Annual Report on Form 11-K for the MATRIX Marketing Inc. Profit Sharing/401(k) Plan for the year 1996 will be filed by amendment on or before June 30, 1997.
- (99) (d) Annual Report on Form 11-K for the CBIS Retirement and Savings Plan for the year 1996 will be filed by amendment on or before June 30, 1997.

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

The Company will furnish, without charge, to a security holder upon request, a copy of the documents, portions of which are incorporated by reference (Annual Report to security holders and proxy statement), and will furnish any other exhibit at cost.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CINCINNATI BELL INC.

March 27, 1997

By /s/ Brian C. Henry

 Brian C. Henry
 Executive Vice President and
 Chief Financial Officer

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

Signature - -----	Title -----	Date -----
JOHN T. LAMACCHIA* ----- John T. LaMacchia	Principal Executive Officer; President, Chief Executive Officer and Director	
BRIAN C. HENRY* ----- Brian C. Henry	Principal Accounting and Financial Officer; Executive Vice President and Chief Financial Officer	
JOHN F. BARRETT* ----- John F. Barrett	Director	
PHILLIP R. COX* ----- Phillip R. Cox	Director	
WILLIAM A. FRIEDLANDER* ----- William A. Friedlander	Director	
ROGER L. HOWE* ----- Roger L. Howe	Director	
ROBERT P. HUMMEL, M.D.* ----- Robert P. Hummel, M.D.	Director	
JAMES D. KIGGEN* ----- James D. Kiggen	Director	

27

Signature - -----	Title -----	Date -----
CHARLES S. MECHEM, JR.* ----- Charles S. Mechem, Jr.	Chairman of the Board and Director	
MARY D. NELSON* ----- Mary D. Nelson	Director	
JAMES F. ORR* ----- James F. Orr	Director	
BRIAN H. ROWE* ----- Brian H. Rowe	Director	

DAVID B. SHARROCK* Director

David B. Sharrock

*By /s/ Brian C. Henry

March 27, 1997

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

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareowners of
Cincinnati Bell Inc.

Our report on the consolidated financial statements of Cincinnati Bell Inc. has been incorporated by reference in this Form 10-K from page 27 of the 1996 annual report of Cincinnati Bell Inc. In connection with our audits of such consolidated financial statements, we have also audited the related financial statement schedule on page 30 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

Cincinnati, Ohio
February 14, 1997

Schedule II

CINCINNATI BELL INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
ALLOWANCE FOR DOUBTFUL ACCOUNTS
(Millions of Dollars)

COL. A	COL. B	COL. C	COL. D	COL. E
		Additions	Deductions	
		(1)	(2)	

Description	Balance at Beginning of Period	Charged to Expenses	Charged to Other Accounts	Balance At End of Period
Year 1996.	\$ 14.7	\$ 9.0	\$ 4.7 (a)	\$ 16.7 (b)
Year 1995.	\$ 14.1	\$ 8.5	\$ 5.3 (a)	\$ 13.2 (b)
Year 1994.	\$ 14.0	\$ 11.1	\$ 3.0 (a)	\$ 14.0 (b)

(a) Primarily includes amounts previously written off which were credited directly to this account when recovered and an allocation of the purchase price for receivables purchased from Interexchange Carriers.

(b) Primarily includes amounts written off as uncollectible.

(10) (iii) (A) (2) (i)

CINCINNATI BELL INC.

DEFERRED COMPENSATION PLAN FOR OUTSIDE DIRECTORS

(As adopted effective December 31, 1996)

TABLE OF CONTENTS

SECTION 1	NAME OF PLAN; PREDECESSOR PLAN.	1
1.1	Name.	1
1.2	Predecessor	1
SECTION 2	GENERAL DEFINITIONS; GENDER AND NUMBER.	1
2.1	General Definitions	1
2.2	Gender and Number	2
SECTION 3	DEFERRALS	3
3.1	Election of Deferrals	3
3.2	Changing Deferrals.	3
SECTION 4	MAINTENANCE AND VALUATION OF ACCOUNTS	3
4.1	Deferred Compensation Accounts.	3
4.2	Assumed Investment in Cash Equivalents.	4
4.3	CBI Share	4
4.4	Valuation	5
SECTION 5	DISTRIBUTION.	5
5.1	General	5
5.2	Termination of Service.	5
5.3	Death	6
5.4	Form of Payment	6
5.5	Change in Control	6
SECTION 6	ADMINISTRATION OF THE PLAN.	7
6.1	General	7
6.2	Expenses.	7
6.3	Compensation of Committee	7
6.4	Rules of Plan	7
6.5	Agents and Employees.	7
6.6	Indemnification	7

SECTION 7	FUNDING OBLIGATION.	7
SECTION 8	AMENDMENT AND TERMINATION	8
SECTION 9	NON-ALIENATION OF BENEFITS.	8
SECTION 10	MISCELLANEOUS	8
10.1	Delegation.	8
10.2	Applicable Law.	8
10.3	Separability of Provisions.	8
10.4	Headings.	8
10.5	Counterparts.	8

CINCINNATI BELL INC.

DEFERRED COMPENSATION PLAN FOR OUTSIDE DIRECTORS

(As adopted effective December 31, 1996)

SECTION 1

NAME OF PLAN; PREDECESSOR PLAN

1.1 NAME. The plan set forth herein shall be known as the Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors (the "Plan").

1.2 PREDECESSOR PLAN. The Plan is intended to amend and supersede the Cincinnati Bell Inc. Deferred Compensation Plan for Non-Employee Directors (the "Predecessor Plan") effective December 31, 1996.

SECTION 2

GENERAL DEFINITIONS; GENDER AND NUMBER

2.1 GENERAL DEFINITIONS. For purposes of the Plan, the following terms shall have the meanings hereinafter set forth unless the context otherwise requires:

2.1.1 "Account" shall mean the Account established for an Outside Director under Section 4.1.

2.1.2 "Board" shall mean the Board of Directors of the Company.

2.1.3 "Beneficiary" shall mean the person or entity designated by a Participant, on forms furnished and in the manner prescribed by the Committee, to receive any benefit payable under the Plan after the Participant's death. If a Participant fails to designate a beneficiary or if, for any reason, such designation is not effective, the Participant's "Beneficiary" shall be the Participant's surviving spouse or, if none, the Participant's estate.

2.1.4 "CBI Shares" shall mean common shares of the Company.

2.1.5 "Committee" shall mean the Compensation Committee of the Board.

2.1.6 "Company" shall mean Cincinnati Bell Inc.

2.1.7 "Credited Service" shall mean active service as an Outside Director, including service as an Outside Director prior to the Effective Date. One year of Credited Service shall be given for each twelve full months of Credited Service, whether or not consecutive. A fraction of a year of Credited Service shall be rounded up or down to the nearest whole year.

2.1.8 "Effective Date" shall mean December 31, 1996.

2.1.9 "Other Fee" shall mean any fee for Outside Directors established by the Board for attending Board or committee meetings or for serving as a chair of a Board committee, but shall not include the Retainer or expense reimbursements.

2.1.10 "Other Fee Payment Date" shall mean the date on which any Other Fee is payable to an Outside Director.

2.1.11 "Outside Director" shall mean any member of the Board who is not an employee of the Company, but shall not include any person serving as Director Emeritus.

2.1.12 "Participant" shall mean a person who has served as an Outside Director on or after the Effective Date and whose Account has not been fully paid or forfeited, as the case may be.

2.1.13 "Retainer" shall mean the annual fee for Outside Directors established by the Board, but shall not include meeting fees, fees for serving as a chair of a Board committee or expense reimbursements.

2.1.14 "Retainer Payment Date" shall mean the quarterly dates on which the Outside Directors' Retainer is paid.

2.1.15 "Retirement Plan" shall mean the Cincinnati Bell Inc. Retirement Plan for Outside Directors.

2.1.16 "Valuation Date" means the last day of each calendar year and the date as of which any payment is to be made under the Plan.

2.2 GENDER AND NUMBER. For purposes of the Plan, words used in any gender shall include all other genders, words used in the singular form shall include the plural form, and words used in the plural form shall include the singular form, as the context may require.

SECTION 3

DEFERRALS

3.1 ELECTION OF DEFERRALS. Subject to such rules as the Committee may prescribe, an Outside Director may elect to defer up to 100% of the Outside Director's Retainer and/or Other Fees for any calendar year by completing a deferral form and filing such form with the Committee prior to January 1 of such calendar year (or such earlier date as may be prescribed by the Committee). Notwithstanding the foregoing, if an Outside Director first becomes an Outside Director after the first day of a calendar year, such Outside Director may elect to defer up to 100% of the Outside Director's Retainer and/or Other Fees for the remainder of the calendar year by completing and signing a deferral form provided by the Committee and filing such form with the Committee within 30 days of the date on which the Outside Director first becomes an Outside Director. Any election under the preceding sentence shall be effective as of the first Retainer Date or Other Fee Payment Date, as the case may be, after the date the election is filed.

3.2 CHANGING DEFERRALS. Subject to such rules as the Committee may prescribe, an Outside Director who has elected to defer a portion or all of any Retainer and/or Other Fee may change the amount of the deferral from one permissible amount to another, effective as of any January 1, by completing and signing a new deferral form and filing such form with the Committee prior to such January 1 (or such earlier date as may be prescribed by the Committee).

SECTION 4

MAINTENANCE AND VALUATION OF ACCOUNTS

4.1 DEFERRED COMPENSATION ACCOUNTS. A separate bookkeeping Account shall be established for each Outside Director which shall reflect all amounts credited to the Outside Director's Account under this Section 4.1 and the assumed investment of those amounts.

4.1.1 On each Retainer Payment Date and Other Fee Payment Date after the Effective Date, there shall be credited to each Outside Director's Account the amount of the Retainer or Other Fee which the Outside Director has elected to defer under Section 3.1. Amounts credited to the Outside Director's Account under this Section 4.1.1 shall be assumed to be invested exclusively in Cash Equivalents.

4.1.2 In the case of an Outside Director who was participating in the Predecessor Plan immediately prior to the Effective Date, the balance then credited to the Outside Director's account under the Predecessor Plan shall be credited to the Outside Director's Account under this Plan as of the Effective Date. Amounts credited to the

3

Outside Director's Account under this Section 4.1.2 shall be assumed to be invested exclusively in Cash Equivalents.

4.1.3 In the case of an Outside Director who was participating in the Retirement Plan on July 1, 1996, an amount equal to the present value of the Outside Director's accrued benefit under the Retirement Plan as of the Effective Date (as determined by the Board) shall be credited to the Outside Director's Account under this Plan as of the Effective Date. Amounts credited to an Outside Director's Account under this Section 4.1.3 shall be assumed to be invested exclusively in CBI Shares. For purposes of this Section 4.1.3, each Outside Director who was an Outside Director on July 1, 1996 shall be deemed to have been participating in the Retirement Plan on that date.

4.1.4 As of each January 1 after the Effective Date, there shall be credited to the Account of each person who is an Outside Director on such January 1 an amount equal to the value of 250 CBI Shares on such January 1. Amounts credited to an Outside Director's Account under this Section 4.1.4 shall be assumed to be invested exclusively in CBI Shares.

4.2 ASSUMED INVESTMENT IN CASH EQUIVALENTS. To the extent that a Participant's Account is assumed to be invested in Cash Equivalents and has not been paid, the Account shall be credited with interest, compounded quarterly at the end of each calendar quarter, equal to the average U.S. Treasury 10-year note rate for the previous calendar quarter.

4.3 CBI SHARES. To the extent that a Participant's Account is assumed to be invested in CBI Shares and has not been paid or forfeited, as the case may be:

4.3.1 Whenever any cash dividends are paid with respect to CBI Shares, an additional amount shall be credited to the Participant's Account as

of the dividend payment date. The additional amount to be credited to each account shall be determined by multiplying the per share cash dividend paid with respect to the CBI Shares on the dividend payment date by the number of assumed CBI Shares credited to the Participant's Account on the day preceding the dividend payment date. Such additional amount credited to the Account shall be assumed to be invested in additional CBI Shares on the day on which such dividends are paid.

4.3.2 If there is any change in CBI Shares through the declaration of a stock dividend or a stock split or through a recapitalization resulting in a stock split, or a combination or a change in shares, the number of shares assumed to be purchased for each Account shall be appropriately adjusted.

4.3.3 Whenever CBI Shares are to be valued for purposes of the Plan, the value of each CBI Share shall be the average of the high and low price per share as

4

reported on the New York Stock Exchange on that date or, if no CBI Shares were traded on that date, on the next preceding day on which CBI Shares were traded.

4.4 VALUATION. As of each Valuation Date, each Participant's Account shall be adjusted to reflect all amounts credited to the Account since the preceding Valuation Date, any gains or losses in the value of the Account's assumed investments (Cash Equivalents and/or CBI Shares) since the preceding Valuation Date and any payments or forfeitures occurring as of the Valuation Date.

SECTION 5

DISTRIBUTION

5.1 GENERAL. Except as otherwise provided in Section 5.5, no amount shall be paid with respect to a Participant's Account while the Participant remains a member of the Board.

5.2 TERMINATION OF SERVICE. A Participant may elect to receive the amounts credited to the Participant's Account in up to ten annual installment payments as of or commencing as of the first business day of the calendar year following the calendar year in which the Participant ceases to be a member of the Board. If a Participant fails to make such an election, the amounts credited to the Participant's Account shall be paid to the Participant in one lump sum as of the first business day of the calendar year next following the calendar year in which the Participant ceases to be a member of the Board.

5.2.1. The amount of each annual installment payable under this Section 5.2 shall be a fraction of the nonforfeitable amounts credited to the Participant's Account as of the installment payment date, the numerator of which is 1 and the denominator of which is equal to the total number of installments remaining to be paid (including the installment to be paid on the subject installment payment date).

5.2.2. Any election under this Section 5.2 must be made in writing at least six months prior to the date on which the Participant ceases to be a member of the Board.

5.2.3. Notwithstanding any other provision hereof to the contrary, the right to receive payments with respect to that portion of the Participant's Account attributable to amounts credited under Sections 4.1.3 and 4.1.4 shall be conditioned on the Participant completing at least five years of Credited Service prior to the date on which the Participant ceases to be a member of the Board. To the extent that a Participant has not satisfied such service requirement prior to the date on which the Participant ceases to be a member of

the Board (other than by reason of death), the Participant shall not be entitled to receive any payment with respect to that portion of the Participant's Account attributable to amounts credited under Sections 4.1.3 and 4.1.4 and such portion

5

shall be forfeited as of the date on which the Participant ceases to be a member of the Board.

5.3 DEATH. If a participant ceases to be a member of the Board by reason of death, or if a Participant dies after ceasing to be a member of the Board but before the amounts credited to the Participant's Account have been paid, the amounts credited to the Participant's Account shall be paid to the Participant's Beneficiary in one lump sum as of the first business day of the calendar year next following the calendar year in which the Participant's death occurs; provided, however, that if the Participant has elected to have the Participant's Account distributed in installments and if the Participant dies after distribution has commenced, the remaining installments shall be paid to the Beneficiary as they become due.

5.4 FORM OF PAYMENT. All payments under the Plan shall be made in cash.

5.5 CHANGE IN CONTROL. If a Change in Control of the Company occurs, the amount credited to each Participant's Account shall be paid to the Participant in one lump sum as of the day next following the date on which such Change in Control occurs. A "Change in Control of the Company" shall be deemed to have occurred if, on or after December 31, 1996, (i) a tender offer shall be made and consummated for the ownership of 30% or more of the outstanding voting securities of the Company; (ii) the Company shall be merged or consolidated with another corporation and as a result of such merger or consolidation less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company, other than affiliates (with the meaning of the Securities Exchange Act of 1934 (the "Act")) of any party to such merger or consolidation, as the same shall have existed immediately prior to such merger or consolidation; (iii) the Company shall sell substantially all of its assets to another corporation which is not a wholly owned subsidiary; (iv) a person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on December 31, 1996) of the Act, shall acquire 20% or more of the outstanding voting securities of the Company (whether directly, indirectly, beneficially or of record), or a person, within the meaning of Section 3(a)(9) or Section 13(d)(3) (as in effect on December 31, 1996) of the Act, controls in any manner the election of a majority of the directors; or (v) within any period of two consecutive years after December 31, 1996, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of the period. For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on December 31, 1996) pursuant to the Act.

6

SECTION 6

ADMINISTRATION OF THE PLAN

6.1 GENERAL. The general administration of the Plan and the responsibility for carrying out its provisions shall be placed in the Committee.

6.2 EXPENSES. Expenses of administering the Plan shall be paid by the Company.

6.3 COMPENSATION OF COMMITTEE. The members of the Committee shall not receive compensation for their services as such, and, except as required by law, no bond or other security need be required of them in such capacity in any jurisdiction.

6.4 RULES OF PLAN. Subject to the limitations of the Plan, the Committee may, from time to time, establish rules for the administration of the Plan and the transaction of its business. The Committee may correct errors, however arising, and as far as possible, adjust any benefit payments accordingly. The determination of the Committee as to the interpretation of the provisions of the Plan or any disputed question shall be conclusive upon all interested parties.

6.5 AGENTS AND EMPLOYEES. The Committee may authorize one or more agents to execute or deliver any instrument. The Committee may appoint or employ such agents, counsel (including counsel of any Company), auditors (including auditors of any Company), physicians, clerical help and actuaries as in the Committee's judgment may seem reasonable or necessary for the proper administration of the Plan.

6.6 INDEMNIFICATION. The Company shall indemnify each member of the Committee for all expenses and liabilities (including reasonable attorney's fees) arising out of the administration of the Plan. The foregoing right of indemnification shall be in addition to any other rights to which the members of the Committee may be entitled as a matter of law.

SECTION 7

FUNDING OBLIGATION

The Company shall have no obligation to fund, either by the purchase of CBI Shares or by any other means, its obligations to Participants hereunder. If, however, the Company does elect to allocate assets to provide for any such obligation, the assets allocated for such purpose shall be assets of the Company subject to claims against the Company, including claims of the Company's creditors, to the same extent as are other corporate assets, and the Participants shall have no right or claim against the assets so allocated, other than as general creditors of the Company.

7

SECTION 8

AMENDMENT AND TERMINATION

The Board may amend or terminate the Plan at any time; provided that no amendment shall be made or act of termination taken which adversely affects the accrued benefits of any Participant without such Participant's consent.

SECTION 9

NON-ALIENATION OF BENEFITS

No Participant or Beneficiary shall alienate, commute, anticipate, assign, pledge, encumber or dispose of the right to receive the payments required to be made by the Company hereunder, which payments and the right to receive them are expressly declared to be nonassignable and nontransferable.

SECTION 10

MISCELLANEOUS

10.1 DELEGATION. The Committee may delegate to any person or committee certain of its rights and duties hereunder. Any such delegation shall be valid

and binding on all persons and the person or committee to whom or which authority is delegated shall have full power to act in all matters so delegated until the authority expires by its terms or is revoked by the Committee, as the case may be.

10.2 APPLICABLE LAW. The Plan shall be governed by applicable federal law and, to the extent not preempted by applicable federal law, the laws of the State of Ohio.

10.3 SEPARABILITY OF PROVISIONS. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

10.4 HEADINGS. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

10.5 COUNTERPARTS. The Plan may be executed in any number of counterparts, each of which shall be deemed an original. All counterparts shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof.

8

IN WITNESS WHEREOF, Cincinnati Bell Inc. has caused its name to be subscribed on the 2nd day of December, 1996.

CINCINNATI BELL INC.

By /s/ J.D. Kiggen

J.D. Kiggen

EMPLOYMENT AGREEMENT

This Agreement is made as of October 1, 1995 (the "Effective Date") between Cincinnati Bell Information Systems Inc., an Ohio corporation ("Employer" or "CBIS"), and Robert J. Marino ("Employee").

Employer and Employee agree as follows:

1. EMPLOYMENT. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer are cancelled as of the Effective Date.

2. PERIOD OF EMPLOYMENT. This Agreement begins on the Effective Date and, subject to the terms of Section 13, will end on the day immediately preceding the fifth anniversary of the Effective Date.

3. DUTIES.

A. Employee will serve as Chief Operating Officer of CBIS with responsibility for the day-to-day operations of the United States business units of CBIS. Employee will report to the President of CBIS or such other officer of CBIS as may be designated by the President of CBIS.

B. Employee shall furnish such managerial, executive, financial, technical, and other skills, advice and assistance in operating CBIS as Employer may request.

C. Employee shall also perform such other duties as are assigned to Employee by the CBIS officer to whom Employee reports.

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

E. Within six months after the Effective Date, Employee shall move Employee's permanent residence to Cincinnati, Ohio. Employee's relocation shall be at Employer's expense in accordance with the terms of Employer's relocation policy.

4. COMPENSATION.

A. Employee shall receive a base salary (the "Base Salary") of at least \$240,000 for each calendar year, subject to proration for any partial year, during the term of

this Agreement. Such Base Salary, and any other amounts payable hereunder, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be entitled to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this Agreement. Any Bonus for a calendar year shall be payable after the conclusion of the calendar year in accordance with Employer's regular bonus payment policies. For 1995, Employee shall be given a Bonus target of a pro rata portion of \$110,000, based 80% on CBIS results and 20% on

Cincinnati Bell Inc. ("CBI") results. For years after 1995, Employee shall be given a Bonus target of not less than \$110,000 per year (subject to proration for any partial year).

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

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

6. BENEFITS.

A. At the first meeting of the CBI Compensation Committee following the Effective Date, Employee will be granted options to purchase 15,000 common shares of CBI on the terms approved by the Compensation Committee. In each year of this Agreement after 1995, Employee will be granted options to purchase such number of common shares of CBI as may be granted by the CBI Compensation Committee to employees of the same level as Employee, at the time and on the terms approved by the Compensation Committee of CBI. All provisions of this Agreement which relate to the terms under which stock options will be granted to Employee are subject to approval by the Compensation Committee. Such options may be granted under CBI's 1988 Long Term Incentive Plan (the "1988 Plan") or similar stock option plan.

B. While Employee remains in the employ of Employer, Employee shall be entitled to participate in all of the various employee benefit plans and programs in which fifth level managers of CBIS are entitled to participate plus such additional plans and programs as may be made available to Employee from time to time.

C. Employee shall receive a restricted stock award of 15,000 common shares of CBI at the first meeting of the CBI Compensation Committee following the Effective Date. All provisions of this Agreement which relate to the terms under which restricted stock will be granted to Employee are subject to approval by the Compensation Committee. Such award shall be made under the 1988 Plan on the terms set forth in Exhibit A. Such award shall be further subject to the terms of the 1988 Plan.

-2-

D. Notwithstanding anything contained herein to the contrary, the Base Salary and Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under Employer's Sickness and Accident Disability Plan and Long Term Disability Plan for Salaried Employees.

E. If Employee's employment with Employer is terminated by Employer on or after the fifth anniversary of the Effective Date for any reason other than those set forth in Sections 13.A., B. and C., Employer shall pay Employee an amount equal to two times Employee's annual base salary rate in effect on the date of termination.

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

(i) If Employee's employment with Employer terminates on or after the day preceding the fifth anniversary of the Effective Date and prior to the day preceding the tenth anniversary of the Effective Date, Employee's non-qualified pension shall be equal to Employee's accrued pension under the CBI Management Pension Plan ("CBMPP") as of the date on which Employee's employment with Employer terminates.

(ii) If Employee's employment with Employer terminates on or after the day preceding the tenth anniversary of the Effective Date, Employee's

non-qualified pension shall be equal to that portion of Employee's accrued pension under CBMPP which is attributable to Employee's first ten years of service with Employer.

(iii) Employee's non-qualified pension under this Section 6(F) shall be paid either in one lump sum or in up to ten annual installments (as Employee may select) commencing within 90 days after Employee's termination of Employment. If the non-qualified pension is being paid in installments, each unpaid installment shall be credited with interest, at the rate of 8% per annum, from the date Employee's employment terminates until paid.

(iv) If Employee's employment with Employer terminates by reason of Employee's death, the non-qualified pension shall be paid to Employee's Estate. If Employee dies after terminating employment and if, at the time of Employee's death, Employee's non-qualified pension is being paid in installments, the remaining installments shall be paid, when due, to Employee's Estate.

(v) Nothing contained in this Section 6(F) shall be construed to give Employee any right to continued employment except under the express terms of this Agreement. The provisions of this Section 6(F) shall survive the term of Employee's employment under this Agreement.

G. In addition to the Bonus called for under Section 4(B), Employee shall receive a hiring bonus of \$66,000 within ten days after the Effective Date.

-3-

H. Employer shall compensate Employee for the period Employee is not able to participate in Employer's Retirement and Savings Plan ("RSP") by paying Employee (i) on December 31, 1995 (if he remains in the employ of Employer through that date), \$5,040; and (ii) on December 31, 1996 (if he remains in the employ of Employer through that date), the difference, if any, between \$6,000 and the amount of Employer's matching contribution, if any, on behalf of Employee under the RSP for 1996.

7. CONFIDENTIALITY. Employer and its Affiliates are engaged in the telecommunications services, information services and telecommunications support services industries within the U.S. and world wide. Employee acknowledges that in the course of employment with the Employer, Employee will be entrusted with or obtain access to information proprietary to the Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and management of Employer and its Affiliates; the names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by Employer and its Affiliates; technical data, plans and specifications, present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer and its Affiliates. Employee agrees to retain the Information in absolute confidence and not to disclose the Information to any person or organization except as required in the performance of his duties for Employer, without the express written consent of Employer. For purposes of this Agreement, "Affiliate" means CBI and each direct and indirect subsidiary of CBI.

8. NEW DEVELOPMENTS. All ideas, inventions, discoveries, concepts, trademarks, or other developments or improvements, whether patentable or not, conceived by Employee, alone or with others, at any time during the term of

Employee's employment, whether or not during working hours or on Employer's premises, which are within the scope of or related to the business operations of Employer or its Affiliates or that relate to Employer or Affiliates' work or project, present, past, or contemplated, shall be and remain the exclusive property of Employer. Employee shall, do all things reasonably necessary to ensure ownership of such New Developments by Employer, including the execution of documents assigning and transferring to Employer, all of Employee's right, title and interest in and to such New Developments, and the execution of all documents required to enable Employer to file and obtain patents, trademarks and copyrights in the United States and foreign countries on any of such New Developments.

9. SURRENDER OF MATERIAL UPON TERMINATION. Employee hereby agrees that upon cessation of Employee's employment, for whatever reason and whether voluntary or involuntary, Employee will immediately surrender to Employer all of the property and other things of value

-4-

in his possession or in the possession of any person or entity under his control that are the property of Employer or any of its Affiliates, including without limitation all personal notes, drawings, manuals, documents, photographs, or the like, including copies and derivatives thereof, relating directly or indirectly to any confidential information or materials or New Developments, or relating directly or indirectly to the business of Employer or any of its Affiliates.

10. REMEDIES.

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

B. EMPLOYEE'S REMEDIES. Employee agrees to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this Agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that Employee would have been otherwise entitled to file or pursue in court or before any administrative agency (herein "claim"), and Employee waives all right to sue Employer, its Affiliates, and all of their agents, employees, officers and directors.

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

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

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

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

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

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

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

(g) The remedy and relief that may be granted by the arbitrator are limited to lost wages, benefits, cease and desist and affirmative relief, compensatory, liquidated and punitive damages and reasonable attorney's fees, and will not include reinstatement or promotion. If the arbitrator would have awarded reinstatement or promotion, but for the prohibition in this Agreement, the arbitrator may award front pay. Compensatory, liquidated and punitive damages for breach of this Agreement, if awarded, may not exceed the greater of (i) the amount provided in case of a termination under Section 13.D, and (ii) the maximum amount otherwise payable under the applicable terms of this Agreement. Compensatory, liquidated and punitive damages, for a dispute, claim or controversy other than for breach of this Agreement, if awarded, are limited to a combined total of one year's salary. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position, but each party will bear any costs for its witnesses and proof.

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

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

(iii) Arbitration must be requested in writing no later than 6

months from the date of Employee's knowledge of the matter disputed by the claim. Employee's failure to initiate arbitration under this Agreement within the time limits herein will be considered a waiver and release by Employee with respect to any claim subject to arbitration under this Agreement.

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

(v) Employee will not commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement.

(vi) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process.

11. COVENANT NOT TO COMPETE. During the three year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not engage in any business offering services related to the current business of Employer or any of its Affiliates in any capacity which requires or utilizes the skill, training and knowledge acquired by Employee while employed by Employer, whether such capacity be as a principal, partner, joint venturer, agent, employee, salesman, consultant, director or officer, where such position would involve Employee (i) in any business activity in competition with Employer or any of its Affiliates with which Employee was actively employed during the 24-month period preceding Employee's termination of employment; (ii) in any position with any customer of Employer or any of its Affiliates which involves such customer's billing and/or billing related systems; or (iii) in any business that provides billing and/or billing related systems to third parties engaged in the communication business (including wireless, wireline and cable communication businesses). This restriction will be limited to the geographical area where Employer or any of its Affiliates is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of Employer.

During the three year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not interfere with or adversely affect, either directly or

-7-

indirectly, Employer's or Employer's Affiliates' relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment as a customer, client, supplier, consultant or employee of Employer or any of its Affiliates and that Employee will not divert or change, or attempt to divert or change, any such relationship to the detriment of Employer or any of its Affiliates or to the benefit of any other person, firm, association, corporation or other entity.

During the three year period following termination of Employer's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee shall not, without the prior written consent of Employer, accept employment, as an employee, consultant, or otherwise, with any company or entity which is a customer or supplier of Employer or any of its Affiliates at any time during the final year of Employee's employment with Employer.

Employee will not, during or at any time after the termination of

Employee's employment with Employer, induce or seek to induce, any other employee of Employer or any of its Affiliates to terminate his or her employment relationship with Employer or the Affiliate which employs such other employee.

12. GOODWILL. Employee will not disparage or act in any manner, directly or indirectly, which may damage the business of Employer or any of its Affiliates or which would adversely affect the goodwill, reputation, and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers, suppliers or employees.

13. TERMINATION.

A. (i) Employer or Employee may terminate this Agreement upon Employee's failure or inability to perform the services required hereunder because of any physical or mental infirmity for which Employee receives disability benefits under Employer's Sickness and Accident Disability Benefit Plan and/or Employer's Long Term Disability Plan for Salaried Employees as the case may be (the "Plans"), over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee his accrued compensation hereunder, whether Base Salary or otherwise (subject to offset for any amounts received pursuant to the Plans), to the date of termination. For as long as such Terminating Disability may exist, Employee shall continue to be an employee of Employer for all other purposes and Employer shall provide Employee

-8-

with disability benefits and all other benefits according to the provisions of the Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such a termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement terminates immediately and automatically on the death of Employee, provided, however, that the Employee's estate shall be paid Employee's accrued compensation hereunder, whether Base Salary or otherwise, to the date of death.

C. Employer may terminate this Agreement immediately in the event that Employee is willfully negligent in the performance of his duties or breaches Section 21 of this Agreement, or in the event of Employee's conviction of a criminal act.

D. Employer may terminate this Agreement upon 60 days written notice for any reason other than those set forth in Sections 13.A., B. and C. In the event of a Termination under this Section 13.D., Employer shall pay Employee an amount equal to two times the Base Salary as it exists at the time of termination. Notwithstanding the terms of the Restricted Stock Award: if the termination occurs during the 36-month period commencing on the Effective Date, the restrictions on a proportionate number of 50% of the restricted shares awarded Employee under Section 6.C. shall lapse based on the portion of such 36-month period during which Employee was employed by Employer; and if the termination occurs during the 24-month period commencing on the third anniversary of the Effective Date, the restrictions on a proportionate number of the remaining 50% of the restricted shares awarded Employee under Section 6.C.

shall lapse based on the portion of such 24-month period during which Employee was employed by Employer.

E. Upon Termination of this Agreement as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13, all further compensation under this Agreement shall terminate; provided, however, that all qualified deferred compensation which Employee may be entitled to receive pursuant to any of Employer's pension or profit sharing plans in which Employee may participate during Employee's employment with Employer shall be paid pursuant to the provisions of such plans at such time as any such amounts become payable to Employee. It is further understood that for purposes of this Section 13, the term "accrued compensation" shall include all non-qualified deferred compensation, of whatever type or form, either previously granted to Employee by Employer or otherwise earned or received by Employee.

F. The termination of this Agreement shall not amend, alter or modify the rights and obligations of the parties under Sections 6.E., 7, 8, 9, 10, 11, and 12 hereof, the terms of which shall survive the termination of this Agreement.

-9-

14. ASSIGNMENT. As this is an agreement for personal services involving a reason of confidence and trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are nonassignable by Employee.

15. NOTICES. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing, and if delivered personally or by certified mail to Employee at his place of residence as then recorded on the books of Employer or to Employer at its principal office.

16. WAIVER. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and duly executed by the party to be charged therewith. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

17. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Ohio.

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Employee's employment by Employer. There are no other contracts, agreements or understandings, whether oral or written, existing between them except as contained or referred to in this Agreement.

19. SEVERABILITY. In case any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or other unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions have never been contained herein.

20. SUCCESSORS AND ASSIGNS. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

21. CONFIDENTIALITY OF AGREEMENT TERMS. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel, and Employee's other advisors. Further, Employee shall not discuss the terms of this Agreement with anyone other than the President of CBIS and any other person to whom the President of CBIS has granted access to the terms of this Agreement. Breach of this term of the Agreement shall be grounds for dismissal with cause under Section 13(C) of this Agreement.

occurrence of events as specified in Sections 4, 5, 6 and 7 hereof.

4. LAPSE. The Restrictions shall lapse and be of no further force and effect as to 7,500 of the Shares on the day preceding the third anniversary of the Award Date and as to the remaining 7,500 of the Shares on the day preceding the fifth anniversary of the Award Date.

5. TERMINATION OF RESTRICTIONS - DEATH. In the event of your death while employed by the Company or any of its subsidiaries, the Restrictions shall terminate and be of no further force or effect, effective as of the date of death: (a) if death occurs prior to the third anniversary of the Award Date, with respect

Page 1

to the number of shares (rounded up to the nearest whole Share) that bears the same ratio to the total number of Shares as the number of days from the Award Date through the date of death bears to the number of days from the Award Date through the day preceding the fifth anniversary of the Award Date; and (b) if death occurs on or after the day preceding the third anniversary of the Award Date and prior to the day preceding the fifth anniversary of the Award Date, with respect to the number of Shares (rounded up to the nearest whole Share) remaining subject to Restrictions immediately prior to death that bears the same ratio to the total number of Shares remaining subject to Restrictions immediately prior to death as the number of days from the third anniversary of the Award Date through the date of death bears to the number of days from the third anniversary of the Award Date through the day preceding the fifth anniversary of the Award Date. Any Shares which remain subject to the Restrictions after the calculations prescribed in the preceding sentence shall be forfeited to the Company as of your date of death. Upon the Restrictions terminating with respect to certain Shares, the executor, administrator or other personal representative of your estate, or the trustee of any trust becoming entitled thereto be reason of your death, may transfer the unrestricted Shares to any person or persons entitled thereto under your will or under your trust or other instrument (or in the absence of any will under the laws of descent and distribution) governing the distribution of your estate in the event of your death.

6. TERMINATION OF RESTRICTIONS - DISABILITY. If you (a) shall become disabled and as a result thereof cease to be an employee of the Company or any of its subsidiaries under and pursuant to applicable disability provisions of any employment contract to which you and the Company or any of its subsidiaries are parties or, (b) shall become disabled to such extent that you are unable to perform the usual duties of your job for a period of 12 consecutive weeks or more and if as the result thereof the Compensation Committee approves the termination of your employment within 12 months following the first day of the 12 consecutive week period on terms that include the right to transfer the Shares free of the Restrictions, then and in either such event the Restrictions shall terminate and be of no further force and effect as of the date you cease to be an employee in the same manner as prescribed in the event of death outlined in Section 5 above. Any Shares which remain subject to Restrictions after application of the preceding sentence shall be forfeited to the Company as of the date you cease to be an employee.

7. TERMINATION OF RESTRICTIONS - TERMINATION WITHOUT CAUSE. In the event that your employment is terminated without cause (within the meaning of Section 13.D. of your Employment Agreement dated _____), the Restrictions shall terminate and be of no further force and effect as of the date you cease to be an employee in the same manner as prescribed in the event of death outlined in Section 5 above. Any Shares which remain subject to Restrictions after application of the preceding sentence shall be forfeited to the Company as of the date you cease to be an employee.

8. FORFEITURE. If you cease to be an Employee of the Company or any of its subsidiaries, except as provided in Section 4, 5, 6 and 7 hereof, any Shares which remain subject to the Restrictions of the date such employment terminates shall be at once forfeited to the Company as of the date of such termination of employment (the "Forfeiture Date"). Upon such forfeiture all of your rights in respect of such Shares shall cease automatically and without further action by the Company or you. For the purpose of giving effect to this provision, you have executed and delivered to the Company a stock power with respect to each certificate evidencing any of the Shares, thereby assigning to the Company all of your interest in the Shares. By the execution and delivery of this Agreement, you authorize and empower the Company, in the event of a forfeiture of any of the Shares under this Section 8 to (a) date (as of the Forfeiture Date) those stock powers relating to Shares that remain subject to the Restrictions as of the Forfeiture Date and (b) present such stock powers and the certificates to which they relate to the Company's transfer agent or other appropriate party for the sole purpose of transferring the forfeited Shares to the Company.

9. MATTERS RELATING TO CERTIFICATES.

(a) Upon their issuance, the certificates representing the Shares shall be deposited with the Secretary of the Company and shall be released to you only pursuant to the provisions of this Section 9.

(b) Each certificate for Shares issued to you in accordance with this Agreement shall bear the following legend:

"THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE REGISTERED HOLDER HEREOF AND CINCINNATI BELL INC., DATED AS OF _____, AND MAY NOT BE TRANSFERRED BY THE HOLDER, EXCEPT AS PROVIDED BY THE TERMS OF SUCH AGREEMENT, A COPY OF WHICH IS ON DEPOSIT WITH THE SECRETARY OF CINCINNATI BELL INC. AND WHICH WILL BE MAILED TO A SHAREHOLDER OF CINCINNATI BELL INC. WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT OF A WRITTEN REQUEST."

Upon the lapse or termination of the Restrictions as to any Shares, the certificate evidencing such Shares shall be promptly presented to the Company's transfer agent or other appropriate party with instructions to cause such certificate to be reissued, to the extent appropriate, in your name and without the foregoing legend. Any Shares evidenced by such certificate which remain subject to the Restrictions shall be evidenced by a new certificate, bearing the foregoing legend, which shall be returned to the Company. Upon the lapse or termination of the Restrictions as to any Shares, the stock power or powers held by the Company with respect to such Shares shall be surrendered to you (in

exchange, if applicable, for a stock power relating to any Shares which remain subject to the Restrictions).

10. INTERPRETATION. You acknowledge that the Compensation Committee has the authority to construe and interpret the terms of the Plan and this Agreement if and when any questions of meaning arises under the Plan or this Agreement, and any such construction or interpretation shall be binding on you, your heirs, executors, administrators, personal representatives and any other persons having or claiming to have an interest in the Shares.

11. WITHHOLDING. In connection with the award of Shares to you and any dividend payments made while such Shares remain subject to restrictions

hereunder, the Company will withhold or cause to be withheld from your salary payments such amounts of tax at such times as may be required by law to be withheld with respect to the Shares and/or dividends, provided that if your salary is not sufficient for such purpose, you shall remit to the Company, on request, the amount required for such withholding taxes. Within 45 days after issuance of the certificates representing the Shares, you shall advise the Company in writing whether or not you have made an election, under Section 83(b) of the Internal Revenue Code 1986, to include the fair market value of the Shares in your gross income for the calendar year in which the certificates are issued.

12. NOTICES. All notices and other communications to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, first class postage prepaid, and addressed as follows:

TO THE COMPANY: Cincinnati Bell Inc.
201 East Fourth Street, RM 102-732
Cincinnati, Ohio 45202
Attention: Secretary of the Compensation Committee

TO THE EMPLOYEE: Robert J. Marino
32 Sunderland Lane
Katonah, N.J. 10536

or to any other address as to which notice has been given in the manner herein provided.

13. MISCELLANEOUS. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Subject to the provisions of the Plan, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall be construed and interpreted in accordance with the laws

Page 4

of the State of Ohio. This Agreement may not be amended except in a writing signed by each of the parties hereto. If any provisions of this Agreement shall be deemed to be invalid or void under any applicable law, the remaining provisions hereof shall not be affected thereby and shall continue in full force and effect.

Please indicate your acceptance by signing at the place provided and returning this Agreement.

COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS OF
CINCINNATI BELL INC.

Dated: 9/11/95

By: /s/ J.D. Kiggen

Secretary

Dated: 9/6/95

/s/ Robert J. Marino

Accepted and Agreed

Page 5

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

EMPLOYMENT AGREEMENT

This Agreement is made as of January 29, 1996 (the "Effective Date") between Cincinnati Bell Inc., an Ohio corporation ("Employer" or "CBI"), and John J. Mueller ("Employee").

Employer and employee agree as follows:

1. EMPLOYMENT. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer are cancelled as of the Effective Date.

2. PERIOD OF EMPLOYMENT. This Agreement begins on the Effective Date and, subject to the terms of Section 13, will end on the day immediately preceding the fifth anniversary of the Effective Date.

3. DUTIES.

A. Employee will serve as President and Chief Executive Officer of Cincinnati Bell Directory Inc. ("CBD") or in such other equivalent capacity as may be designated by the President of CBI. Employee will report to the President of CBI or such other officer of CBI as may be designated by the President of CBI.

B. Employee shall furnish such managerial, executive, financial, technical, and other skills, advice and assistance in operating CBD as Employer may request.

C. Employee shall also perform such other duties as are assigned to Employee by the CBI officer to whom Employee reports.

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

4. COMPENSATION.

A. Employee shall receive a base salary (the "Base Salary") of at least \$120,000 for each calendar year, subject to proration for any partial year, during the term of this Agreement. Such Base Salary, and any other amounts payable hereunder, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be entitled to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this

Agreement. Any Bonus for a calendar year shall be payable after the conclusion of the calendar year in accordance with Employer's regular bonus payment policies. For 1996, Employee shall be given a Bonus target of \$50,000.

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

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

6. BENEFITS.

A. At the first meeting of the CBI Compensation Committee after the Effective Date, Employee shall be granted options to purchase 10,000 common shares of CBI at the time and on the terms approved by the Compensation Committee. In each year of this Agreement after 1996, Employee will be granted options to purchase common shares of CBI at the time and on the terms approved by the Compensation Committee of CBI. All provisions of this Agreement which relate to the terms under which stock options will be granted to Employee are subject to approval by the Compensation Committee. Such options may be granted under CBI's 1988 Long Term Incentive Plan (the "1988 Plan") or similar stock option plan.

B. While Employee remains in the employ of Employer, Employee shall be entitled to participate in all of the various employee benefit plans and programs in which fourth level managers of CBI are participating.

C. Employee shall receive a restricted stock award of 6,000 common shares of CBI at the first meeting of the CBI Compensation Committee following the date on which this Agreement has been executed by the parties. All provisions of this Agreement which relate the terms under which restricted stock will be granted to Employee are subject to approval by the Compensation Committee. Such award shall be made under the 1988 Plan on the terms set forth in Exhibit A. Such award shall be further subject to the terms of the 1988 Plan.

D. Notwithstanding anything contained herein to the contrary, the Base Salary and Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under Employer's Sickness and Accident Disability Plan and Long Term Disability Plan for Salaried Employees.

7. CONFIDENTIALITY. Employer and its Affiliates are engaged in the telecommunications services, information services and telecommunications support services industries within the U.S. and world wide. Employee acknowledges that in the course of employment with the Employer, Employee will be entrusted with or obtain access to information proprietary to the Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and

management of Employer and its Affiliates; the names, addresses, buying habits and other special information regarding past, present and potential

customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by Employer and its Affiliates; technical data, plans and specifications, present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer and its Affiliates. Employee agrees to retain the Information in absolute confidence and not to disclose the Information to any person or organization except as required in the performance of his duties for Employer, without the express written consent of Employer. For purposes of this Agreement, "Affiliate" means each direct and indirect subsidiary of CBI.

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

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

10. REMEDIES.

A. EMPLOYER'S REMEDIES. Employer and Employee hereby acknowledge and agree that the services rendered by Employee to Employer, the information disclosed to Employee during and by virtue of his employment, and Employee's commitments and obligations to Employer and its Affiliates herein are of a special, unique and extraordinary

character, and that the breach of any provision of this Agreement by Employee will cause Employer irreparable injury and damage, and consequently the Employer shall be entitled to, in addition to all other remedies available to it, injunctive and equitable relief to prevent a breach of this Agreement, or any part of it, and to secure the enforcement of this Agreement.

B. EMPLOYEE'S REMEDIES. Employee agrees to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that Employee would have been otherwise entitled to file or pursue in court or before any administrative

agency (herein "claim"), and Employee waives all right to sue Employer, its Affiliates, and all of their agents, employees, officers and directors.

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

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

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

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

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

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

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

-4-

(g) The remedy and relief that may be granted by the arbitrator are limited to lost wages, benefits, cease and desist and affirmative relief, compensatory, liquidated and punitive damages and reasonable attorney's fees, and will not include reinstatement or promotion. If the arbitrator would have awarded reinstatement or promotion, but for the prohibition in this Agreement, the arbitrator may award front pay. Compensatory, liquidated and punitive damages for breach of this Agreement, if awarded, may not exceed the greater of (i) the amount provided in case of a termination under Section 13.D, and (ii) the maximum amount otherwise payable under the applicable terms of this Agreement. Compensatory, liquidated and punitive damages, for a dispute, claim or controversy other than for breach of this Agreement, if awarded, are limited to a combined total of one year's salary. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position, but each party will bear any costs for its witnesses and proof.

(h) Employer and Employee recognize that a primary benefit each derives from entering this Agreement is avoiding the delay and costs normally associated with litigation. Therefore, neither party will be entitled to conduct any discovery prior to the arbitration hearing except that: (i) Employer will furnish Employee with copies of all non-privileged documents in Employee's personnel file; (ii) if the claim for discharge, Employee will furnish Employer with records of earnings and benefits relating to Employee's subsequent employment (including self-employment) and all documents relating to Employee's efforts to obtain subsequent employment; (iii) the parties will exchange copies

of all documents they intend to introduce as evidence at the arbitration hearing at least 10 days prior to such hearing; (iv) Employee will be allowed (at Employee's expense) to take the depositions, for a period not to exceed four hours each of two representatives of Employer, and Employer will be allowed (at its expense) to depose Employee for a period not to exceed four hours; and (v) Employer or Employee may ask the arbitrator to grant additional discovery to the extent permitted by AAA rules upon a showing that such discovery is necessary.

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

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

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

-5-

(v) Employee will not commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement.

(vi) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process.

11. COVENANT NOT TO COMPETE. During the two year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not engage in any business offering services related to the current business of Employer or any of its Affiliates in any capacity, whether such capacity be as a principal, partner, joint venturer, agent, employee, salesman, consultant, director or officer, where such position would involve Employee (i) in any business activity in competition with Employer of any of its Affiliates; (ii) in any position with any customer of Employer or any of its Affiliates which involves such customer's billing and/or billing related systems; or (iii) in any business that provides billing and/or billing related systems to third parties engaged in the communication business (including wireless, wireline and cable communication businesses). This restriction will be limited to the geographical area where Employer or any of its Affiliates is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of the Employer.

During the two year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not interfere with or adversely affect, either directly or indirectly, Employer's or Employer's Affiliates' relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment as a customer, client, supplier, consultant or employee of Employer or any of its Affiliates and that Employee will not divert or change, or attempt to

divert or change, any such relationship to the detriment of Employer or any of its Affiliates or to the benefit of any other person, firm, association, corporation or other entity.

During the two year period following termination of Employer's employment with Employer for any reason (or if this period is unenforceable by law, then for such a period as shall be enforceable) Employee shall not, without prior written consent of Employer, accept employment, as an employee, consultant, or otherwise, with any company or entity which is a customer or supplier of Employer or any of its Affiliates at any time during the final year of Employee's employment with Employer.

Employee will not, during or at any time after the termination of Employee's employment with Employer, induce or seek to induce, any other employee of Employer or any

-6-

of its Affiliates to terminate his or her employment relationship with Employer or the Affiliate which employs such other employee.

12. GOODWILL. Employee will not disparage or act in any manner, directly or indirectly, which may damage the business of Employer or any of its Affiliates or which would adversely affect the goodwill, reputation, and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers, suppliers or employees.

13. TERMINATION.

A. (i) Employer or Employee may terminate this Agreement upon Employee's failure or inability to perform the services required hereunder because of any physical or mental infirmity for which Employee receives disability benefits under Employer's Sickness and Accident Disability Benefit Plan and/or Employer's Long Term Disability Plan for Salaried Employees as the case may be (the "Plans"), over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of a written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee his accrued compensation hereunder, whether Base Salary or otherwise (subject to offset for any amounts received pursuant to the Plans), to the date of termination. For as long as such Terminating Disability may exist, Employee shall continue to be an employee of Employer for all other purposes and Employer shall provide Employee with disability benefits and all other benefits according to the provisions of the Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement terminates immediately and automatically on the death of Employee, provided, however, that the Employee's estate shall be paid Employee's accrued compensation hereunder, whether Base Salary or otherwise, to the date of death.

C. Employer may terminate this Agreement immediately for Cause. For purposes of this Agreement, Employer shall have Cause to terminate this

Agreement only if the CBI Board of Directors determines that there had been fraud, misappropriation or embezzlement on the part of the Employee.

-7-

D. Employer may terminate this Agreement upon 60 days written notice for any reason other than those set forth in Sections 13.A., B. and C. In the event of a Termination under this Section 13.D., Employer shall pay Employee an amount equal to two times the sum of the Base Salary as it exists at the time of termination plus the Bonus target as it exists at the time of termination. In addition, as provided in Exhibit A hereto, the restrictions applicable to a portion of the restricted shares awarded to Employee under Section 6.C. shall lapse. Employee's right to receive the payments called for under this Section 13.D. (including the lapsing of restrictions applicable to a portion of the restricted shares) shall be conditioned upon Employee executing a release (in form satisfactory to CBI) of all claims which Employee may have against CBI and its Affiliates.

E. Upon Termination of this Agreement as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13, all further compensation under this Agreement shall terminate; provided, however, that all qualified deferred compensation which Employee may be entitled to receive pursuant to any of Employer's pension or profit sharing plans in which Employee may participate during Employee's employment with Employer shall be paid pursuant to the provisions of such plans at such times as any such amounts become payable to Employee. It is further understood that for purposes of this Section 13, the term "accrued compensation" shall include all non-qualified deferred compensation, of whatever type or form, either previously granted to Employee by Employer or otherwise earned or received by Employee.

F. The termination of this Agreement shall not amend, alter or modify the rights and obligations of the parties under Sections 7, 8, 9, 10, 11, and 12 hereof, the terms of which shall survive the termination of this Agreement.

14. ASSIGNMENT. As this is an agreement for personal services involving a relation of confidence and trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are nonassignable by Employee.

15. NOTICES. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing, and if delivered personally or by certified mail to Employee at his place of residence as then recorded on the books of Employer or to Employer at its principal office.

16. WAIVER. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and duly executed by the party to be charged therewith. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

17. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Ohio.

-8-

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Employee's employment by Employer. There are no other contracts, agreements of understandings, whether oral or written, existing between them except as contained or referred to in this Agreement.

19. SEVERABILITY. In case any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect,

such invalidity, illegality or other unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or enforceable provisions have never been contained herein.

20. SUCCESSORS AND ASSIGNS. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

21. CONFIDENTIALITY OF AGREEMENT TERMS. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel, and Employee's other advisors. Further, except as provided in the preceding sentence, Employee shall not reveal the existence of this Agreement or discuss its terms with any person (including but not limited to any employee of Employer or its Affiliates) without the express authorization of the President of CBI.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CINCINNATI BELL, INC.

By /s/ John T. Lamacchia

John T. Lamacchia

EMPLOYEE

/s/ John J. Mueller

John J. Mueller

(10) (iii) (A) (16)

EMPLOYMENT AGREEMENT

This Agreement is made as of August 1, 1996 (the "Effective Date") between Cincinnati Bell Inc., an Ohio corporation ("Employer" or "CBI"), and Thomas P. Mehnert ("Employee").

Employer and Employee agree as follows:

1. EMPLOYMENT. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer are cancelled as of the Effective Date.

2. PERIOD OF EMPLOYMENT. This Agreement begins on the Effective Date and, subject to the terms of Section 13, will end on the day immediately preceding the fifth anniversary of the Effective Date.

3. DUTIES.

A. Employee will serve as Vice President--Legal of CBI. Employee will report to the Chief Legal Officer of CBI or such other officer of CBI as may be designated by the President of CBI.

B. Employee shall furnish such managerial, executive, financial, technical, and other skills, advice and assistance in operating CBI as Employer may request.

C. Employee shall also perform such other duties as are assigned to Employee by the CBI officer to whom Employee reports.

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

4. COMPENSATION.

A. Employee shall receive a base salary (the "Base Salary") of at least \$175,000 for each calendar year, subject to proration for any partial year, during the term of this Agreement. Such Base Salary, and any other amounts payable hereunder, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be entitled to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this Agreement. Any Bonus for a calendar year shall be payable after the conclusion of the calendar

year in accordance with Employer's regular bonus payment policies. Employee shall be given a Bonus target of not less than \$43,750 per year, subject to proration for any partial year.

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

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

6. BENEFITS.

A. As of the Effective Date, Employee shall be granted options to purchase 10,000 common shares of CBI at the time and on the terms approved by the Compensation Committee. In each year of this Agreement after 1996, Employee will be granted options to purchase common shares of CBI at the time and on the terms approved by the Compensation Committee of CBI. All provisions of this Agreement which relate to the terms under which stock options will be granted to Employee are subject to approval by the Compensation Committee. Such options may be granted under CBI's 1988 Long Term Incentive Plan (the "1988 Plan") or similar stock option plan.

B. While Employee remains in the employ of Employer, Employee shall be entitled to participate in all of the various employee benefit plans and programs in which fifth level managers of CBI are participating.

C. Employee shall receive a restricted stock award of 6,000 common shares of CBI as of the Effective Date. All provisions of this Agreement which relate to the terms under which restricted stock will be granted to Employee are subject to approval by the Compensation Committee. Such award shall be made under the 1988 Plan on the terms set forth in Exhibit A. Such award shall be further subject to the terms of the 1988 Plan.

D. Notwithstanding anything contained herein to the contrary, the Base Salary and Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under Employer's Sickness and Accident Disability Plan and Long Term Disability Plan for Salaried Employees.

E. If Employee's employment with CBI is terminated for any reason prior to the fifth anniversary of the Effective Date, Employee or Employee's estate, as the case may be, shall be entitled to receive a lump sum payment, payable within 30 days after Employee's employment terminates, equal to the sum of (i) the present value, on the date Employee's employment terminates of the non-vested portion (if any) of Employee's accrued benefit under Cincinnati Bell Management Pension Plan or any successor plan, plus (ii) the value, on the date Employee's employment terminates, of the non-vested portion (if any) of Employee's accrued

-2-

benefit under Cincinnati Bell Inc. Retirement Savings Plan (the "Savings Plan") or any successor plan.

F. To compensate Employee for the period Employee is not eligible to participate in the Savings Plan, Employee shall be entitled to receive \$10,000 on the first anniversary of the Effective Date, provided that Employee remains employed through that date. This payment shall not be used in the calculation of any benefits that are otherwise provided by Employer.

7. CONFIDENTIALITY. Employer and its Affiliates are engaged in the telecommunications services, information services and telecommunications support services industries within the U.S. and world wide. Employee acknowledges that in the course of employment with the Employer, Employee will be entrusted with or obtain access to information proprietary to the Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and management of Employer and its Affiliates; the names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by Employer and its Affiliates; technical data, plans and specifications, present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer and its Affiliates. Employer agrees to retain the Information in absolute confidence and not to disclose the Information to any person or organization except as required in the performance of his duties for Employer, without the express written consent of Employer. For purposes of this Agreement, "Affiliate" means each direct and indirect subsidiary of CBI.

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

-3-

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

10. REMEDIES.

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

relief to prevent a breach of this Agreement, or any part of it, and to secure the enforcement of this Agreement.

B. EMPLOYEE'S REMEDIES. Employee agrees to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that Employee would have been otherwise entitled to file or pursue in court or before any administrative agency (herein "claim"), and Employee waives all right to sue Employer, its Affiliates, and all of their agents, employees, officers and directors.

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

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

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

-4-

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

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

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

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

(g) The remedy and relief that may be granted by the arbitrator are limited to lost wages, benefits, cease and desist and affirmative relief, compensatory, liquidated and punitive damages and reasonable attorney's fees, and will not include reinstatement or promotion. If the arbitrator would have awarded reinstatement or promotion, but for the prohibition in this Agreement, the arbitrator may award front pay. Compensatory, liquidated and punitive damages for breach of this Agreement, if awarded, may not exceed the greater of (i) the amount provided in case of a termination under Section 13.D, and (ii) the maximum amount otherwise payable under the applicable terms of this Agreement. Compensatory, liquidated and punitive damages, for a dispute, claim or controversy other than for breach of this Agreement, if awarded, are limited to a combined total of one year's salary. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position, but each party will bear any costs for its witnesses and proof.

(h) Employer and Employee recognize that a primary

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

-5-

Employee may ask the arbitrator to grant additional discovery to the extent permitted by AAA rules upon a showing that such discovery is necessary.

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

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

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

(v) Employee will not commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement.

(vi) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process.

11. COVENANT NOT TO COMPETE. During the three year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not engage in any business offering services related to the current business of Employer or any of its Affiliates in any capacity which requires or utilizes the skill, training and knowledge acquired by Employee

while employed by Employer, whether such capacity be as a principal, partner, joint venturer, agent, employee, salesman, consultant, director or officer, where such position would involve Employee (i) in any business activity in competition with Employer or any of its Affiliates; (ii) in any position with any customer of Employer or any of its Affiliates which involves such customer's billing and/or billing related systems; or (iii) in any business that provides billing and/or billing related systems to third parties engaged in the communication business (including wireless, wireline and cable communication businesses). This restriction will be limited to the geographical area where Employer or any of its Affiliates is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of Employer.

-6-

During the three year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee will not interfere with or adversely affect, either directly or indirectly, Employer's or Employer's Affiliates' relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment as a customer, client, supplier, consultant or employee of Employer or any of its Affiliates and that Employee will not divert or change, or attempt to divert or change, any such relationship to the detriment of Employer or any of its Affiliates or to the benefit of any other person, firm, association, corporation or other entity.

During the three year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable) Employee shall not, without the prior written consent of Employer, accept employment, as an employee, consultant, or otherwise, with any company or entity which is a customer or supplier of Employer or any of its Affiliates at any time during the final year of Employee's employment with Employer.

Employee will not, during or at any time after the termination of Employee's employment with Employer, induce or seek to induce, any other employee of Employer or any of its Affiliates to terminate his or her employment relationship with Employer or the Affiliate which employs such other employee.

12. GOODWILL. Employee will not disparage or act in any manner, directly or indirectly, which may damage the business of Employer or any of its Affiliates or which would adversely affect the goodwill, reputation, and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers, suppliers or employees.

13. TERMINATION.

A. (i) Employer or Employee may terminate this Agreement upon Employee's failure or inability to perform the services required hereunder because of any physical or mental infirmity for which Employee receives disability benefits under Employer's Sickness and Accident Disability Benefit Plan and/or Employer's Long Term Disability Plan for Salaried Employees as the case may be (the "Plans"), over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee his accrued compensation hereunder, whether Base

-7-

Salary or otherwise (subject to offset for any amounts received pursuant to the Plans), to the date of termination. For as long as such Terminating Disability may exist, Employee shall continue to be an employee of Employer for all other purposes and Employer shall provide Employee with disability benefits and all other benefits according to the provisions of the Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such a termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement terminates immediately and automatically on the death of Employee, provided, however, that the Employee's estate shall be paid Employee's accrued compensation hereunder, whether Base Salary or otherwise, to the date of death.

C. Employer may terminate this Agreement immediately for Cause. For purposes of this Agreement, Employer shall have Cause to terminate this Agreement only if the CBI Board of Directors determines that there has been fraud, misappropriation or embezzlement on the part of Employee.

D. Employer may terminate this Agreement upon 60 days written notice for any reason other than those set forth in Sections 13.A., B. and C. In the event of a Termination under this Section 13.D., Employer shall pay Employee (i) an amount equal to two times the sum of the annualized Base Salary as it exists at the time of termination plus the annualized Bonus target as it exists at the time of termination, plus (ii) the amount (if any) called for under Section 6.E. In addition, the restrictions applied to the restricted stock awarded to Employee under Section 6.C shall lapse.

E. Upon Termination of this Agreement as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13, all further compensation under this Agreement shall terminate; provided, however, that all qualified deferred compensation which Employee may be entitled to receive pursuant to any of Employer's pension or profit sharing plans in which Employee may participate during Employee's employment with Employer shall be paid pursuant to the provisions of such plans at such times as any such amounts become payable to Employee. It is further understood that for purposes of this Section 13, the term "accrued compensation" shall include all non-qualified deferred compensation, of whatever type or form, either previously granted to Employee by Employer or otherwise earned or received by Employee.

F. The termination of this Agreement shall not amend, alter or modify the rights and obligations of the parties under Sections 6.E., 7, 8, 9, 10, 11, and 12 hereof, the terms of which shall survive the termination of this Agreement.

-8-

14. ASSIGNMENT. As this is an agreement for personal services involving a relation of confidence and trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are nonassignable by Employee.

15. NOTICES. Any notice required or permitted to be given under this Agreement shall be sufficient, if in writing, and if delivered personally or by certified mail to Employee at his place of residence as then recorded on the books of Employer or to Employer at its principal office.

16. WAIVER. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and duly executed by the party to be charged therewith. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

17. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Ohio.

18. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Employee's employment by Employer. There are no other contracts, agreements or understandings, whether oral or written, existing between them except as contained or referred to in this Agreement.

19. SEVERABILITY. In case any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or other unenforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions have never been contained herein.

20. SUCCESSORS AND ASSIGNS. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

21. CONFIDENTIALITY OF AGREEMENT TERMS. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel, and Employee's other advisors. Further, except as provided in the preceding sentence, Employee shall not reveal the existence of this Agreement or discuss its terms with any person (including but not limited to any employee of Employer or its Affiliates) without the express authorization of the President of CBI.

-9-

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

CINCINNATI BELL INC.

By /s/ (Illegible)

EMPLOYEE

/s/ Thomas P. Mehnert

Thomas P. Mehnert

-10-

RESTRICTED STOCK AWARD
UNDER THE PROVISIONS OF
THE CINCINNATI BELL INC.
1988 LONG TERM INCENTIVE PLAN

NAME OF EMPLOYEE: THOMAS P. MEHNERT

AWARD DATE: -----

NUMBER OF RESTRICTED SHARES: 6,000

Pursuant to the provisions of the Cincinnati Bell Inc. 1988 Long Term Incentive Plan (the "Plan"), a copy of which has been delivered to you, the Compensation Committee of the Board of Directors of Cincinnati Bell Inc. (the "Compensation Committee") has granted you an award of 6,000 common shares, par value \$1.00 per share, of Cincinnati Bell Inc. (the "Shares"), on and subject to the terms of the Plan and your agreement to the following terms, conditions and restrictions.

1. SECURITIES SUBJECT TO THIS AGREEMENT. This Agreement is made with respect to the Shares and any securities (including additional common shares of Cincinnati Bell Inc. (the "Company")) issued in respect of the Shares, whether by way of a share dividend, a share split, any reorganization or recapitalization of the Company or its stock or any merger, exchange of securities or like event or transaction as the result of which any security or securities of any kind are issued to you by reason of your ownership of the Shares. Reference herein to the Shares shall include any such securities issued in respect of the Shares.

2. RIGHTS OF OWNERSHIP. Except for the Restrictions (as defined in Section 3 hereof and subject to the provisions regarding forfeiture set forth in Section 9 hereof, you are the record and beneficial owner of the Shares, with all rights and privileges (including but not limited to the right to vote, to receive dividends and to receive distributions upon liquidation of the Company) appertaining thereto.

3. RESTRICTIONS. Neither the Shares nor any interest therein may be transferred or conveyed by you in any manner whatsoever, whether or not for consideration (the "Restrictions"), except upon the passage of time or occurrence of events as specified in Sections 4, 5, 6, 7 and 8 hereof.

4. LAPSE. The Restrictions shall lapse and be of no further force and effect as to 3,600 shares on July 31, 1999, as to an additional 1,200 shares on July 31, 2000, and as to the remaining 1,200 shares on July 31, 2001.

5. TERMINATION OF RESTRICTIONS -- DEATH. In the event of your death while employed by the Company or any of its subsidiaries, the Restrictions shall

terminate and be of no further force or effect, effective as of the date of death. Upon the Restrictions terminating the executor, administrator or other personal representative of your estate, or the trustee of any trust becoming entitled thereto be reason of your death, may transfer the

unrestricted Shares to any person or persons entitled thereto under your will or under your trust or other instrument (or in the absence of any will under the laws of descent and distribution) governing the distribution of your estate in the event of your death.

6. TERMINATION OF RESTRICTIONS -- DISABILITY. If you (a) shall become disabled and as a result thereof cease to be an employee of the Company or any of its subsidiaries under and pursuant to applicable disability provisions of any employment contract to which you and the Company or any of its subsidiaries are parties or, (b) shall become disabled to such extent that you are unable to perform the usual duties of your job for a period of 12 consecutive weeks or more and if as the result thereof the Compensation Committee approves the termination of your employment within 12 months following the first day of the 12 consecutive week period on terms the include the right to transfer the Shares free of the Restrictions, then and in either such event the Restrictions shall terminate and be of no further force and effect as of the date you cease to be an employee in the same manner as prescribed in the event of death outlined in Section 5 above.

7. CHANGE IN CONTROL. In the event of a Change in Control of the Company, any Restrictions which have not previously lapsed shall terminate and be of no further force or effect as of the date of the Change in Control. In the case of the Company, "Change in Control" means a Change in Control as defined in the Plan.

8. TERMINATION OF RESTRICTIONS -- TERMINATION WITHOUT CAUSE. In the event that your employment is terminated without Cause (within the meaning of Section 13.C of your Employment Agreement dated , 1996), the Restrictions shall terminate and be of no further force and effect as of the date you cease to be an employee in the same manner as prescribed in the event of death outlined in Section 5 above.

9. FORFEITURE. If you cease to be an employee of the Company or any of its subsidiaries, except as provided in Section 4, 5, 6, 7 and 8 hereof, any Shares which remain subject to the Restrictions of the date such employment terminates shall be at once forfeited to the Company as of the date of such termination of employment (the "Forfeiture Date"). Upon such forfeiture all of your rights in respect of such Shares shall cease automatically and without further action by the Company or you. For the purpose of giving effect to this provision, you have executed and delivered to the Company a stock power with respect to each certificate evidencing any of the Shares, thereby assigning to the Company all

Page 2

of your interest in the Shares. By the execution and delivery of this Agreement, you authorize and empower the Company, in the event of a forfeiture of any of the Shares under this Section 9 to (a) date (as of the Forfeiture Date) those stock powers relating to Shares that remain subject to the Restrictions as of the Forfeiture Date and (b) present such stock powers and the certificates to which they relate to the Company's transfer agent or other appropriate party for the sole purpose of transferring the forfeited Shares to the Company.

10. MATTERS RELATING TO THE CERTIFICATES.

- (a) Upon their issuance, the certificates representing the Shares shall be deposited with the Secretary of the Company and shall be released to you only pursuant to the provisions of this Section 10.

(b) Each certificate for Shares issued to you in accordance with this Agreement shall bear the following legend:

"THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE REGISTERED HOLDER HEREOF AND CINCINNATI BELL INC., DATED AS OF _____, 1996, AND MAY NOT BE TRANSFERRED BY THE HOLDER, EXCEPT AS PROVIDED BY THE TERMS OF SUCH AGREEMENT, A COPY OF WHICH IS ON DEPOSIT WITH THE SECRETARY OF CINCINNATI BELL INC. AND WHICH WILL BE MAILED TO A SHAREHOLDER OF CINCINNATI BELL INC. WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT OF A WRITTEN REQUEST."

Upon the lapse or termination of the Restrictions as to any Shares, the certificate evidencing such Shares shall be promptly presented to the Company's transfer agent or other appropriate party with instructions to cause such certificate to be reissued, to the extent appropriate, in your name and without the foregoing legend. Any Shares evidenced by such certificate which remain subject to the Restrictions shall be evidenced by a new certificate, bearing the foregoing legend, which shall be returned to the Company. Upon the lapse or termination of the Restrictions as to any Shares, the stock power or powers held by the Company with respect to such Shares shall be surrendered to you (in exchange, if applicable, for a stock power relating to any Shares which remain subject to the Restrictions).

11. INTERPRETATION. You acknowledge that the Compensation Committee has the authority to construe and interpret the terms of the Plan and this Agreement if and when any questions of meaning arises under the Plan or this Agreement, and any such construction or interpretation shall be binding on you, your heirs,

Page 3

executors, administrators, personal representatives and any other persons having or claiming to have an interest in the Shares.

12. WITHHOLDING. In connection with the award of Shares to you and any dividend payments made while such Shares remain subject to restrictions hereunder, the Company will withhold or cause to be withheld from your salary payments such amounts of tax at such times as may be required by law to be withheld with respect to the Shares and/or dividends, provided that if your salary is not sufficient for such purpose, you shall remit to the Company, on request, the amount required for such withholding taxes. Within 45 days after issuance of the certificates representing the Shares, you shall advise the Company in writing whether or not you have made an election, under Section 83(b) of the Internal Code of 1986, to include the fair market value of the Shares in your gross income for the calendar year in which the certificates are issued.

13. NOTICES. All notices and other communications to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, first class postage prepaid, and addressed as follows:

TO THE COMPANY: Cincinnati Bell Inc.
201 East Fourth Street, RM. 102-732
Cincinnati, Ohio 45202
Attention: Secretary of the Compensation Committee

TO THE EMPLOYEE: _____

or to any other address as to which notice has been given in the manner herein provided.

14. MISCELLANEOUS. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Subject to the provisions of the Plan, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall be construed and interpreted in accordance with the laws of the State of Ohio. This Agreement may not be amended except in a writing signed by each of the parties hereto. If any provisions of this Agreement shall be deemed to be invalid or void under any applicable law, the remaining provisions hereof shall not be affected thereby and shall continue in full force and effect.

Page 4

Please indicate your acceptance by signing at the place provided and returning this Agreement.

COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS OF
CINCINNATI BELL INC.

Dated: _____

By: _____
Secretary

Dated: _____

Accepted and Agreed

Page 5

(10) (iii) (A) (21)

MATRIX MARKETING INC.
EXECUTIVE
DEFERRED COMPENSATION PLAN

(As adopted effective May 1, 1994)

TABLE OF CONTENTS

SECTION 1	NAME AND PURPOSE OF PLAN	1
1.1	Name.....	1
1.2	Purpose.....	1
SECTION 2	GENERAL DEFINITIONS; GENDER AND NUMBER.....	1
2.1	General Definitions.....	1
2.2	Gender and Number.....	2

SECTION 3	DEFERRALS; COMPANY MATCH.....	2
3.1	Election of Deferrals.....	2
3.2	Changing Deferrals.....	2
3.3	Suspending Deferrals.....	3
3.4	Company Match.....	3
SECTION 4	MAINTENANCE AND VALUATION OF ACCOUNTS.....	3
4.1	Cash Deferral Accounts.....	3
4.2	Company Matching Accounts.....	3
4.3	Valuation.....	4
4.4	CBI Shares.....	4
SECTION 5	DISTRIBUTION.....	5
5.1	General.....	5
5.2	Termination of Employment.....	5
5.3	Death.....	6
5.4	Form of Payment.....	6
5.5	Change in Control.....	6
SECTION 6	ADMINISTRATION OF THE PLAN.....	7
6.1	General.....	7
6.2	Expenses.....	7
6.3	Compensation of Committee.....	7
6.4	Rules of Plan.....	7
6.5	Agents and Employees.....	7
6.6	Indemnification.....	7
SECTION 7	FUNDING OBLIGATION.....	7
SECTION 8	AMENDMENT AND TERMINATION.....	8
SECTION 9	NON-ALIENATION OF BENEFITS.....	8
SECTION 10	MISCELLANEOUS.....	8
10.1	Delegation.....	8
10.2	Applicable Law.....	8
10.3	Separability of Provisions.....	8
10.4	Headings.....	9
10.5	Counterparts.....	9

MATRIX MARKETING INC.
EXECUTIVE
DEFERRED COMPENSATION PLAN

(As adopted effective May 1, 1994)

SECTION 1

NAME AND PURPOSE OF PLAN

1.1 NAME. The plan set forth herein shall be known as the Matrixx Marketing Inc. Executive Deferred Compensation Plan (the "Plan").

1.2 PURPOSE. The purpose of the Plan is to provide deferred compensation for a select group of officers and highly compensated employees of MATRIXX Marketing Inc. and its Affiliates.

SECTION 2

GENERAL DEFINITIONS: GENDER AND NUMBER

2.1 GENERAL DEFINITIONS. For purposes of the Plan, the following terms shall have the meanings hereinafter set forth unless the context otherwise requires:

2.1.1 "Accounts" means, collectively, all outstanding Cash Deferral Accounts and Company Matching Accounts maintained for a Key Employee.

2.1.2 "Beneficiary" means the person or entity designated by a Key Employee, on forms furnished and in the manner prescribed by the Committee, to receive any benefit payable under the Plan after the Key Employee's death. If a Key Employee fails to designate a beneficiary or if, for any reason, such designation is not effective, his "Beneficiary" shall be his surviving spouse or, if none, his estate.

2.1.3 "CBI" means Cincinnati Bell Inc.

2.1.4 "CBI Shares" means common shares of CBI.

2.1.5 "Company" means MATRIXX, WATS Marketing of America, Inc. and such direct and indirect subsidiaries of MATRIXX as may be designated by the Committee.

2.1.6 "Committee" means the Committee appointed by the Board of Directors of MATRIXX to administer the Plan.

2.1.7 "Employee" means any person who is an employee of a Company.

2.1.8 "Key Employee" means, with respect to any calendar year, an Employee who has been designated as a Key Employee by the Committee.

2.1.9 "MATRIXX" means MATRIXX Marketing Inc.

2.2 GENDER AND NUMBER. For purposes of the Plan, words used in any gender shall include all other genders, words used in the singular form shall include the plural form, and words used in the plural form shall include the singular form, as the context may require.

SECTION 3

DEFERRALS: COMPANY MATCH

3.1 ELECTION OF DEFERRALS.

3.1.1 Subject to such rules as the Committee may prescribe, a Key Employee may elect to defer up to 75% of his Basic Salary for any calendar year (or such lesser percentage of his Basic Salary as may be prescribed by the Committee) by completing a deferral form and filing such form with the Committee prior to January 1 of such calendar year (or such earlier date as may be prescribed by the Committee). Notwithstanding the foregoing, if an Employee first becomes a Key Employee on or after May 1, 1994, such Key Employee may elect to defer a permissible percentage of his Basic Salary for the remainder of the calendar year by completing and signing a deferral form provided by the Committee and filing such form with the Committee within 30 days of the date on which he first becomes a Key Employee. Any election under the preceding sentence shall be effective as of the first payroll period beginning after the date the election is filed. For purposes of the Plan, "Basic Salary" means the basic salary payable to a Key Employee by a Company.

3.1.2 Subject to such rules as the Committee may prescribe, a Key Employee may elect to defer up to 100% (not less than \$1,000) or a specific

dollar amount (not less than \$1,000) of any Cash Award payable during a calendar year by completing a deferral form and filing such form with the Committee prior to January 1 of such calendar year (or such earlier date as may be prescribed by the Committee). For purposes of the Plan, "Cash Award" means an award or bonus payable in cash to a Key Employee by a Company.

3.2 CHANGING DEFERRALS. Subject to such rules as the Committee may prescribe, a Key Employee who has elected to defer a portion of his Basic Salary or Cash Award may change the amount of his deferral from one permissible amount to another, effective as of any January 1, by completing and signing a new deferral form and filing such form with the Committee prior to such January 1 (or such earlier date as may be prescribed by the Committee).

2

3.3 SUSPENDING DEFERRALS.

3.3.1 Subject to such rules as the Committee may prescribe, a Key Employee who has elected to defer a portion of his Basic Salary may suspend such election, as of the first day of any payroll period, by completing and signing a form provided by the Committee and filing such form with the Committee prior to the first day of such payroll period. A Key Employee who has suspended his election for deferrals in accordance with this Section 3.3.1 may again elect to defer a portion of his Basic Salary, effective as of any January 1 following the six month period beginning on the effective date of the suspension, by completing and signing a new deferral form and filing such form with the Committee prior to such January 1 (or such earlier date as may be prescribed by the Committee).

3.3.2 A Key Employee's election to defer a portion of a Cash Award for a calendar year may not be revoked during the calendar year.

3.4 COMPANY MATCH. As of each day on which Basic Salary or Cash Award deferrals are credited, under Section 4.1, to the Cash Deferral Account of a Key Employee, there shall also be credited to such Key Employee's Company Matching Account under Section 4.3, an amount equal to the lesser of (a) 5% of the Basic Salary and Cash Award deferred on the Deferral Date or (b) for deferrals credited prior to January 1, 1995, 4.5% of that portion of the Key Employee's Basic Salary and Cash Award paid or deferred on the Deferral Date, and for deferrals credited after December 31, 1994, 3% of that portion of the Key Employee's Basic Salary and Cash Award paid or deferred on the Deferral Date.

SECTION 4

MAINTENANCE AND VALUATION OF ACCOUNTS

4.1 CASH DEFERRAL ACCOUNTS. There shall be established for each Key Employee who has elected to defer a portion of his Basic Salary or Cash Award under Section 3.1.1 or 3.1.2 a separate Account, called a Cash Deferral Account, which shall reflect the amounts deferred by the Key Employee and the assumed investment thereof. Subject to such rules as the Committee may prescribe, any amount deferred by a Key Employee under Section 3.1.1 or 3.1.2 shall be credited to the Key Employee's Cash Deferral Account as of the day on which such deferred amount would have otherwise been paid to the Key Employee and shall be assumed to have been invested in the investments designated by the Key Employee on a form provided by and filed with the Committee.

4.2 COMPANY MATCHING ACCOUNTS. There shall be established for each Key Employee who is entitled to a Company match under Section 3.4 a separate Account, called a Company Matching Account, which shall reflect the Company match to be credited on behalf of the Key Employee under Section 3.4 and the assumed investment thereof. The amount of the Company's match shall be credited

to the Key Employee's Company Matching Account as of the day on

3

which the deferred Basic Salary or Cash Award to which the Company match relates would have otherwise been paid to the Key Employee. Amounts credited to a Key Employee's Company Matching Account shall be assumed to have been invested in the investments designated by the Key Employee on a form provided by and filed with the Committee.

4.3 VALUATION. As soon as practical following the end of each calendar year, each Key Employee or, in the event of his death, his Beneficiary, shall be furnished a statement as of December 31 showing the then balance of the Key Employee's Accounts, the total credits to such Accounts during the preceding calendar year, and, if amounts credited to any such Accounts are assumed to have been invested in securities, a description of such securities including the number of shares assumed to have been purchased by the amounts credited to such Accounts.

4.4 CBI SHARES. To the extent Key Employee's Accounts are assumed to have been invested in CBI Shares:

4.4.1 Whenever any cash dividends are paid with respect to CBI Shares, additional amounts shall be credited to the Key Employee's Accounts as of the dividend payment date. The additional amount to be credited to each account shall be determined by multiplying the per share cash dividend paid with respect to the CBI Shares on the dividend payment date by the number of assumed CBI Shares credited to the Key Employee's Accounts on the day preceding the dividend payment date. Such additional amount credited to the Key Employee's Accounts shall be assumed to have been invested in additional CBI Shares on the day on which such dividends are paid.

4.4.2 If there is any change in CBI Shares through the declaration of a stock dividend or a stock split or through a recapitalization resulting in a stock split, or a combination or a change of shares, the number of shares assumed to have been purchased for each Account shall be appropriately adjusted.

4.4.3 Whenever CBI Shares are to be valued for purposes of the Plan, the value of each such share shall be the average of the high and low price per share as reported on the composite tape on the last business day preceding the date as of which the distribution is made or, if no sales were made on that date, on the next preceding day on which sales were made.

4

SECTION 5

DISTRIBUTION

5.1 GENERAL. Except as otherwise provided in Section 5.5, no amount shall be paid with respect to a Key Employee's Accounts while he remains an Employee. Unless the Committee otherwise provides, all payments with respect to a Key Employee's Accounts shall be made by the Company which otherwise would have paid the Basic Salary Cash Award deferred by the Key Employee.

5.2 TERMINATION OF EMPLOYMENT. A Key Employee may elect to receive the amounts credited to his Accounts in up to ten annual installment payments, commencing on the first business day of March of the calendar year following the calendar year in which he ceases to be an Employee. If a Key Employee fails to make such election, the amounts credited to the Key Employee's Accounts shall be paid to the Key Employee in two annual installments with the first installment being made on the first business day of March of the

calendar year following the calendar year in which the Key Employee ceases to be an Employee.

5.2.1 The amount of each annual installment payable under this Section 5.2 shall be, at the election of the Key Employee, either (1) a specific dollar amount specified by the Key Employee (not less than \$25,000 or more than \$1,000,000), or (2) a fraction of the amounts credited to the Key Employee's Accounts as of the installment payment date, the numerator of which is 1 and the denominator of which is equal to the total number of installments remaining to be paid (including the installment to be paid on the subject installment payment date). If a Key Employee elects (2) above and the amount of any annual installment is less than \$25,000 or more than \$1,000,000, it shall be increased to \$25,000 or reduced to \$1,000,000, as the case may be; provided that if the remaining amount credited to the Accounts on any annual installment date is less than \$25,000, the payment shall be the amount necessary to reduce the amount credited to the Account to \$0.

5.2.2 Any election under this Section 5.2 must be made prior to the effective date of the Key Employee's termination and within the time prescribed by the Key Employee's Company but in no event later than four months prior to the effective date of the Key Employee's termination. When the consent of the Committee, and subject to such rules as the Committee may prescribe, a Key Employee may elect (a) to receive the amounts credited to his Accounts in up to 120 monthly installments and (b) to accelerate the time at which any payment may be made (to a date not earlier than the date on which he ceases to be an Employee).

5.2.3 The right to receive payments with respect to a portion or all of a Key Employee's Company Matching Account under this Section 5.2 shall be conditional on the Key Employee's completing at least five years of Vesting Service (within the meaning of that term as defined in the MATRXXX Marketing Inc. Profit Sharing/401(k) Plan) prior to the date on which he ceases to be an Employee. To the extent that a Key Employee has not satisfied any applicable service requirement prior to the date on which he ceases to be an Employee (other

5

than by reason of his death), he shall not be entitled to receive any payment with respect to his Company Matching Account.

5.3 DEATH. If a Key Employee ceases to be an Employee by reason of his death, or if a Key Employee dies after ceasing to be an Employee but before the amounts credited to his Accounts have been paid, the amounts credited to the Key Employee's Accounts shall be paid to the Key Employee's Beneficiary in one lump sum as of the first business day of the third quarter following the date of the Key Employee's death; provided, however, that if the Key Employee has elected to have his Accounts distributed in installments and if he dies after distribution has commenced, the remaining installments shall be paid to the Beneficiary as they become due.

5.4 FORM OF PAYMENT. Payments with respect to assumed investments other than CBI Shares shall be made in cash. Payments with respect to assumed investments in CBI Shares shall be made in CBI Shares or cash, in the discretion of the Committee.

5.5 CHANGE IN CONTROL. If a Change in Control of CBI occurs, each Key Employee's Plan Accounts shall be paid to him in one lump sum as of the day next following the date on which such Change in Control occurred. A "Change in Control of CBI" shall be deemed to have occurred if (i) a tender offer shall be made and consummated for the ownership of 30% or more of the outstanding voting securities of CBI; (ii) CBI shall be merged or consolidated with another corporation and as a result of such merger or consolidation less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of CBI, other than affiliates (within the meaning of the

Securities Exchange Act of 1934) of any party to such merger or consolidation, as the same shall have existed immediately prior to such merger or consolidation; (iii) CBI shall sell substantially all of its assets to another corporation which is not a wholly owned subsidiary; (iv) a person within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on January 1, 1994) of the Securities Exchange Act of 1934, shall acquire 20% or more of the outstanding voting securities of CBI (whether directly, indirectly, beneficially or of record), or a person, within the meaning of Section 3(a)(9) or Section 13(d)(3) (as in effect on January 1, 1994) of the Securities Exchange Act of 1934 controls in any manner the election of a majority of the directors of CBI; or (v) within any period of two consecutive years after January 1, 1994, individuals who at the beginning of such period constitute CBI's Board of Directors cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of the period. For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on January 1, 1994) pursuant to the Securities Exchange Act of 1934.

6

SECTION 6

ADMINISTRATION OF THE PLAN

6.1 GENERAL. The general administration of the Plan and the responsibility for carrying out its provisions shall be placed in the Committee.

6.2 EXPENSES. Expenses of administering the Plan shall be shared by each Company participating in this Plan in such proportions as may be determined by the Committee.

6.3 COMPENSATION OF COMMITTEE. The members of the Committee shall not receive compensation for their services as such, and, except as required by law, no bond or other security need be required of them in such capacity in any jurisdiction.

6.4 RULES OF PLAN. Subject to the limitations of the Plan, the Committee may, from time to time, establish rules for the administration of the Plan and the transaction of its business. The Committee may correct errors, however arising, and, as far as possible, adjust any benefit payments accordingly. The determination of the Committee as to the interpretation of the provisions of the Plan or any disputed question shall be conclusive upon all interested parties.

6.5 AGENTS AND EMPLOYEES. The Committee may authorize one or more agents to execute or deliver any instrument. The Committee may appoint or employ such agents, counsel (including counsel of any Company), auditors (including auditors of any Company), physicians, clerical help and actuaries as in the Committee's judgment may seem reasonable or necessary for the proper administration of the Plan.

6.6 INDEMNIFICATION. Each Company participating in the Plan shall indemnify each member of the Committee for all expenses and liabilities (including reasonable attorney's fees) arising out of the administration of the Plan, other than any expenses or liabilities resulting from the Committee's own gross negligence or willful misconduct. The foregoing right of indemnification shall be in addition to any other rights to which the members of the Committee may be entitled as a matter of law.

SECTION 7

FUNDING OBLIGATION

No Company shall have any obligation to fund, either by the purchase of CBI Shares or the investment in any account or by any other means, its obligation to Key Employees hereunder. If, however, a Company does elect to allocate assets to provide for any such obligation, the assets allocated for such purpose shall be assets of the Company subject to claims against the Company, including claims of the Company's creditors, to the same extent as are

7

other corporate assets, and the Key Employees shall have no right or claim against the assets so allocated, other than as general creditors of the Company.

SECTION 8

AMENDMENT AND TERMINATION

The Committee or MATRIX may, without the consent of any Key Employee or Beneficiary, amend or terminate the Plan at any time; provided that no amendment shall be made or act of termination taken which divests any Key Employee of the right to receive payments under the Plan with respect to amounts theretofore credited to the Key Employee's Accounts.

SECTION 9

NON-ALIENATION OF BENEFITS

No Key Employee or Beneficiary shall alienate, commute, anticipate, assign, pledge, encumber or dispose of the right to receive the payments required to be made by any Company hereunder, which payments and the right to receive them are expressly declared to be nonassignable and nontransferable. In the event of any attempt to assign or transfer any such payments or the right to receive them, no Company shall have any further obligation to make any payments otherwise required of it hereunder.

SECTION 10

MISCELLANEOUS

10.1 DELEGATION. The Committee may delegate to any Company, person or committee certain of its rights and duties hereunder. Any such delegation shall be valid and binding on all persons and the person or committee to whom or which authority is delegated shall have full power to act in all matters so delegated until the authority expires by its terms or is revoked by the Committee, as the case may be. Unless the Committee otherwise provides, each Company shall have and may exercise, with respect to its Key Employees, the powers reserved to the Committee in Sections 3, 4, 5.1 and 5.2.

10.2 APPLICABLE LAW. The Plan shall be governed by applicable federal law and, to the extent not preempted by applicable federal law, the laws of the State of Ohio.

10.3 SEPARABILITY OF PROVISIONS. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed and enforced as if such provision had not been included.

8

10.4 HEADINGS. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

10.5 COUNTERPARTS. The Plan may be executed in any number of counterparts, each of which shall be deemed an original. All counterparts shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof.

IN WITNESS WHEREOF, MATRIXX Marketing Inc. has caused its name to be subscribed on the 28 day of April, 1994.

MATRIXX MARKETING INC.

By /s/ John T. LaMacchia

John T. LaMacchia

(10) (iii) (A) (21) (i)

AMENDMENT
TO
MATRIXX MARKETING INC.
EXECUTIVE DEFERRED COMPENSATION PLAN

The last sentence of Section 3.1.1 of MATRIXX Marketing Inc. Executive Deferred Compensation Plan is hereby amended, effective May 1, 1994, to read as follows:

For purposes of the Plan, "Basic Salary" means (a) the basic salary payable to a Key Employee by a Company plus (b) any lump sum severance payment (in lieu of basic salary) made to a Key Employee by a Company; provided, however, that no Company match shall be made under Section 3.4 with respect to any lump sum severance payment included in a Key Employee's Basic Salary.

IN WITNESS WHEREOF, MATRIXX Marketing Inc. has caused its name to be subscribed as of May 1, 1994.

MATRIXX MARKETING INC.

By: /s/ Jerry M. Gaulding

Jerry M. Gaulding

(10) (iii) (A) (21) (ii)

ACTION OF THE MATRIXX MARKETING INC.
BENEFITS ADMINISTRATION COMMITTEE

RESOLVED, that Section 5.4 of the MATRIXX Marketing Inc. Executive Deferred Compensation Plan is hereby amended to read as follows:

5.4 FORM OF PAYMENT Payments with respect to assumed investments shall be made in cash.

Date: May 4, 1996

/s/ David F. Dougherty

David F. Dougherty

/s/ Jerry M. Gaulding

Jerry M. Gaulding

/s/ Edwin T. Eynon

Edwin T. Eynon

/s/ Karen R. Bowman

Karen R. Bowman

Exhibit 11
to
Form 10-K for 1996

CINCINNATI BELL INC.
COMPUTATION OF EARNINGS (LOSS) PER COMMON SHARE
Dollars in millions, except per share amounts; shares in thousands
(Unaudited)

	1996	1995	1994
	-----	-----	-----
PRIMARY			
Weighted average common shares outstanding	67,233	66,271	65,443
Net effect of dilutive stock options - based on the Treasury stock method using the average market price	1,356	457	9
	-----	-----	-----
Total shares for computing primary earnings per share	68,589	66,728	65,452
	-----	-----	-----
Net income (loss)	\$ 185.0	\$ (32.3)	\$ 72.6
	-----	-----	-----
Net income (loss) per share	\$ 2.70	\$ (.48)	\$ 1.11
	-----	-----	-----
FULLY DILUTED			
Weighted average common shares outstanding	67,233	66,271	65,443
Net effect of dilutive stock options - based on the Treasury stock method using the higher of average or period - end market price	1,713	871	9
	-----	-----	-----
Total shares for computing fully diluted earnings per share	68,946	67,142	65,452
	-----	-----	-----
Net income (loss)	\$ 185.0	\$ (32.3)	\$ 72.6
	-----	-----	-----
Net income (loss) per share	\$ 2.68	\$ (.48)	\$ 1.11
	-----	-----	-----

Exhibit 12
to
Form 10-K for 1996

CINCINNATI BELL INC.
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(Millions of Dollars)

	1996	1995	1994	1993	1992
	----	----	----	----	----
Earnings					
(a) Income (loss) before income taxes, extraordinary charges and cumulative effect of change in accounting principle	\$ 284.7	\$ (19.6)	\$ 117.6	\$ (55.1)	\$ 55.9
(b) Adjustment for undistributed (income) losses of partnerships	(3.4)	(4.5)	1.3	1.3	(0.3)
(c) Interest expense	33.9	52.8	49.5	45.8	46.2
(d) One-third of rental expense	27.6	23.1	23.9	23.6	22.5
	-----	-----	-----	-----	-----
Total Earnings (1)	\$ 342.8	\$ 51.8	\$ 192.3	\$ 15.6	\$ 124.3
	-----	-----	-----	-----	-----
Fixed Charges					
(a) Interest expense	\$ 33.9	\$ 52.8	\$ 49.5	\$ 45.8	\$ 46.2
(b) One-third of rental expense	27.6	23.1	23.9	23.6	22.5
(c) Preferred dividends	-	-	-	3.5	6.6
	-----	-----	-----	-----	-----
	\$ 61.5	\$ 75.9	\$ 73.4	\$ 72.9	\$ 75.3
	-----	-----	-----	-----	-----
Ratio of earnings to combined fixed charges and preferred stock dividends	5.57	0.68	2.62	0.21	1.65
Coverage deficiency	-	\$ 24.1	-	\$ 57.3	-

(1) Results for 1996 were increased by \$27.1 million of special items, primarily pension settlement gains. Results for 1995 were reduced by \$197.0 million of special items, primarily as a result of restructuring charges and a writedown of goodwill. Results for 1993 were reduced by \$131.5 million of special items, primarily because of restructuring charges.

(13)

CINCINNATI BELL INC
SELECTED FINANCIAL AND OPERATING DATA

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS	1996	1995	1994	1993	1992	1991
RESULTS OF OPERATIONS						
Revenues	\$1,573.7	\$1,336.1	\$1,228.2	\$1,096.2	\$1,101.4	\$1,064.7
Costs and expenses excluding special items	1,291.9	1,110.7	1,057.1	982.0	990.8	920.0
Operating income excluding special items	281.8	225.4	171.1	114.2	110.6	144.7
Special items (a)	(24.7)	178.7	5.7	132.9	19.4	26.8
Operating income (loss)	306.5	46.7	165.4	(18.7)	91.2	117.9
Other income (expense), net	12.1	(13.5)	1.7	9.4	10.9	4.2
Interest expense (a)	33.9	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	284.7	(19.6)	117.6	(55.1)	55.9	69.3
Income taxes	99.7	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)	185.0	(32.3)	72.6	(56.8)	35.2	42.7
Preferred dividend requirements	-	-	-	2.2	4.3	4.3
Income (loss) applicable to common shares	\$ 185.0	\$ (32.3)	\$ 72.6	\$ (59.0)	\$ 30.9	\$ 38.4
Earnings (loss) per common share	\$ 2.70	\$ (.49)	\$ 1.11	\$ (.93)	\$.50	\$.63
Dividends declared per common share	\$.80	\$.80	\$.80	\$.80	\$.80	\$.80
Weighted average common shares (000)	68,589	66,271	65,443	63,296	61,914	61,334
FINANCIAL POSITION						
Total assets	\$1,695.5	\$1,591.7	\$1,723.4	\$1,664.1	\$1,632.5	\$1,743.1
Long-term debt	\$ 279.5	\$ 386.8	\$ 528.3	\$ 522.9	\$ 350.1	\$ 445.2
Total debt	\$ 503.7	\$ 512.9	\$ 597.0	\$ 634.9	\$ 543.0	\$ 618.1
Preferred shares	\$ -	\$ -	\$ -	\$ -	\$ 60.0	\$ 60.0
Common shareowners' equity	\$ 634.4	\$ 478.1	\$ 552.4	\$ 515.6	\$ 568.9	\$ 581.6
OTHER DATA						
Total capital additions (including acquisitions)	\$ 220.8	\$ 166.8	\$ 156.2	\$ 235.4	\$ 140.1	\$ 193.3
Telephone plant construction	\$ 101.4	\$ 90.3	\$ 112.8	\$ 111.6	\$ 95.0	\$ 115.9
Network access lines (000)	944	906	877	848	827	808
Access minutes of use (millions)						
Interstate	2,744	2,536	2,336	2,132	1,985	1,852
Intrastate	963	956	932	888	836	793
Market price per share						
High	\$ 61.625	\$ 35.250	\$ 20.125	\$ 24.375	\$ 20.875	\$ 25.375
Low	\$ 31.750	\$ 16.875	\$ 15.375	\$ 16.125	\$ 15.375	\$ 17.875
Close	\$ 61.625	\$ 34.750	\$ 17.000	\$ 18.000	\$ 17.125	\$ 19.375

(a) For special items see Note 2 of Notes to Financial Statements.

16

CINCINNATI BELL
MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS

Cincinnati Bell Inc. (the Company) is a diversified communications company

with principal businesses in three industry segments. The telephone operations segment, Cincinnati Bell Telephone Company (CBT), provides local telephone exchange services and products in the Greater Cincinnati area. The information systems segment, Cincinnati Bell Information Systems Inc. (CBIS), provides and manages customer-care and billing solutions for the communications and cable TV industries. The teleservices segment, MATRIXX Marketing Inc. (MATRIXX), provides a full range of outsourced telephone marketing solutions to large corporations. The Company's long distance, directory services, and equipment supply businesses are included with corporate operations in other businesses. The Company owns a minority interest in a partnership that provides cellular service primarily in southwestern Ohio.

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

CONSOLIDATED OVERVIEW

The Company's strategy is to be a leader in growing communication-related markets that utilize its unique expertise in customer care, billing, outsourced teleservices, and local exchange services. By leveraging the combined knowledge, capabilities and experience of its subsidiaries, the Company seeks to take advantage of the opportunities arising in the changing communications market and the growing trend of outsourcing.

During 1996, the Company made investments to grow its subsidiaries' existing operations and provide new capabilities. CBIS completed its initial release of Precedent 2000 and opened a new data center outside of Orlando, Florida; MATRIXX opened two new call centers and added 2,300 workstations; and CBT invested over \$100 million in telephone plant to accommodate record access line growth and provide new advanced services.

The Company completed several acquisitions in 1996. CBIS acquired International Computer Systems, Inc. (ICS), an international wireline billing provider, and Swift Management Services (Swift), a distributor of CBIS's integrated cable telephony billing systems in Europe. MATRIXX acquired Software Support, Inc (SSI), a provider of outsourced technical help-desk applications, and certain of the assets of Scherers Communications, Inc. (Scherers), a provider of interactive voice response services.

RESULTS OF OPERATIONS

1996 COMPARED TO 1995

Revenues reached a record \$11,573.7 million in 1996, up 18% from 1995. CBIS and MATRIXX produced 81% of the revenue growth, and collectively represented 51% of consolidated revenues for the year. Costs and expenses excluding special items were \$1,291.9 million, a 16% increase over 1995. Operating income excluding special items increased to \$281.8 million, a 17.9% margin, up from \$225.4 million, a 16.9% margin in 1995. Each of the Company's three principal segments improved its operating performance in the year.

Special items (see Note 2 of Notes to Financial Statements) resulted in a net credit of \$27.2 million in 1996 compared to charges of \$208.0 million in 1995. Special items increased net income \$17.4 million or \$0.26 per share in 1996 and decreased net income by \$146.5 million or \$2.21 per share in 1995.

Reported net income was \$185.0 million or @2.70 per share in 1996 compared to a net loss of \$32.3 million or \$0.49 per share in 1995. Excluding special

items in both years, net income increased 47% to \$167.6 million from \$114.2 million and earnings per share were \$2.44 compared to \$1.72.

1995 COMPARED TO 1994

Revenues increased 9% in 1995 to \$1,336.1 million. Approximately 71% of the growth was produced by CBIS and MATRIX. Operating costs and expenses excluding special items increased 5% to \$1,110.7 million. Operating income excluding special items increased 32% to \$225.4 million.

Special items were \$208.0 million in 1995 compared to \$5.7 million in 1994 (see Note 2 of Notes to Financial Statements). The special items in 1995 were primarily attributable to CBT's restructuring plan, a goodwill impairment writedown and debt restructuring.

The Company reported a net loss of \$32.3 million or \$0.49 per share in 1995 compared to net income of \$72.6 million or \$1.11 per share in 1994. Excluding special items, net income was \$114.2 million or \$1.72 per share in 1995 versus \$79.2 million or \$1.21 per share in 1994.

17

TELEPHONE OPERATIONS

CBT's strategy is to be the leading full-service provider of communications services and products in the Greater Cincinnati marketplace. To that end, during 1996 CBT introduced Fuse, an Internet access service. CBT also became an agent for DIRECTV's satellite television service. These new marketing initiatives are in the early stage of development and did not materially increase revenues in 1996.

[GRAPH]

During 1996, CBT expanded its marketing of existing services through increased advertising campaigns and the introduction of PhoneGear, the merchandising of services through retail distributors.

CBT continued implementation of its restructuring plan announced in the first quarter of 1995. This plan will be completed early in 1997. While staff levels have been reduced 19% over two years, during 1996 staff was reduced only 1% due to higher business volumes and new marketing efforts.

In February 1997, CBT announced that it had entered into a memorandum of understanding with AT&T to extend its relationship for marketing communications services in Cincinnati. Also in February, CBT and Lucent Technologies signed a multi-year agreement under which CBT will continue to market Lucent's business communications systems to its business customers.

(\$ IN MILLIONS)	1996	1995	% Change		
			96 vs 95	95 vs 94	

Revenues					
Local service	\$370.6	\$352.6	5	\$329.3	7
Network access	161.9	142.6	14	141.0	1
Long distance	27.9	33.5	(17)	37.2	(10)
Other	90.4	95.7	(6)	92.2	4
	-----	-----		-----	
Total	650.8	624.4	4	599.7	4
Costs and expenses	523.6	508.7	3	496.6	2
Special items	(28.5)	121.7	-	3.6	-
	-----	-----		-----	
Total	495.1	630.4	(21)	500.2	26

Operating income (loss)	\$155.7	\$ (6.0)	-	\$ 99.5	-
Excluding special items:					
Operating income	\$127.2	\$115.7	10	\$103.1	12
Operating margin	19.5%	18.5%		17.2%	

1996 COMPARED TO 1995

REVENUES

Total revenues were \$650.8 million in 1996, a 4% increase over 1995. Local service revenues increased 5% to \$370.6 million. Access lines grew 4.1% due to strong demand for business lines and higher installations of second residential lines. Increased penetration of enhanced services, such as Caller ID, and full year of new Kentucky rates also contributed to the revenue gain.

Network access revenues increased 14% to \$161.9 million. More than half the growth was due to increased network minutes of use, access line growth and special access revenues, with the remainder resulting from adjustments to overearnings liabilities.

Long distance revenues decreased \$5.6 million to \$27.9 million in 1996, primarily as a result of expanding the local service areas in northern Kentucky in November 1995. Other revenues decreased 6% to \$90.4 million primarily due to a lower level of billing and collection services and an increase in the provision for uncollectible accounts.

COSTS AND EXPENSES

Costs and expenses excluding special items were up 3% to \$523.6 million in 1996. Payroll-related expenses were unchanged. Savings from employee departures under the 1995 retirement offer were offset by cost increases due to strong access line growth, inclement weather, the desire to maintain customer service levels, and adding employees with different skills. Expenses for contract labor, consulting, and data processing increased as a result of ongoing business and process improvements. Advertising costs and depreciation expenses increased slightly. Lower costs from facilities consolidation and a 1995 Ohio property tax law change decreased operating expenses.

Special items (see Note 2 of Notes to Financial Statements) reduced operating expenses by \$28.5 million. The credit was mostly due to pension settlement gains, and, to a lesser extent, the reversal of real estate restructuring liabilities.

1995 COMPARED TO 1994

REVENUES

Revenues increased 4% to \$624.4 million. Growth in access lines, a full year's effect of the Ohio rate plan and new rates in Kentucky effective May 1995 produced most of the growth. The remaining increase was primarily from increased penetration of enhanced custom calling services and directory assistance.

Network access revenues increased 1% to \$142.6 million from access line growth and increased minutes of use, as well as lower support payments to the National Exchange Carrier Association. Long distance revenues decreased \$3.7 million to \$33.5 million because of lower settlements with interexchange carriers and independent companies. Other revenues increased 4% to \$95.7 million primarily from growth in customer premises equipment repairs, payphone agent services, voice mail, and billing and collection services.

COSTS AND EXPENSES

Costs and expenses excluding special items increased 2% to \$508.7 million. Contract services, systems development, business restructuring activities, and depreciation and amortization all were higher. Right-to-use fees were lower from fewer switch conversions and network software upgrades than in 1994.

Special items were \$121.7 million in 1995. The charges resulted primarily from a business restructuring.

INFORMATION SYSTEMS

CBIS's strategy is to provide customer-care and billing services and solutions to the communications industry. CBIS seeks to enter into long-term outsourced contracts that share in the success and growth of its clients. It targets wireless, wireline, cable TV, and other convergent service providers, domestic and international. Additionally, CBIS develops network management systems for large international communications companies.

CBIS's systems enable its clients to manage their customer relationships through a range of turnkey applications. Accordingly, CBIS has made, and expects to continue making, significant investments in the development of software and data centers. CBIS also anticipates making significant investments to broaden its services to include data warehousing and analytics that improve acquisition, retention, and revenue growth for its clients. The viability of these new applications and CBIS's ability to recover its investment therein are uncertain.

[GRAPH]

CBIS believes that its expertise in the domestic wireless industry will assist its expansion into international markets and into the cable TV industry.

During 1996, CBIS migrated its Florida data center to a new state-of-the-art facility north of Orlando, Florida. CBIS announced contract extensions with several existing clients and was awarded contracts with new clients in the emerging PCS field. Two of these clients implemented CBIS's initial release of Precedent 2000, a flexible system based on a client-server architecture. Also during 1996, CBIS remedied difficulties on a large international contract, and introduced a service bureau offering to the cable TV industry that led to its first client for this service in 1997. The acquisitions of ICS and Swift expanded CBIS's wireline and cable telephony billing presence in Europe.

(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94
Revenues	\$479.8	\$373.9	28	\$343.8	9
Costs and expenses	401.3	327.9	22	316.7	4
Special items	3.0	7.5	(60)	-	-
Total	404.3	335.4	21	316.7	6
Operating income	\$ 75.5	\$ 38.5	96	\$ 27.1	42
Excluding special items:					
Operating income	\$ 78.5	\$ 46.0	71	\$ 27.1	70
Operating margin	16.4%	12.3%		7.9%	

1996 COMPARED TO 1995

REVENUES

Revenues increased 28% to \$479.8 million for the year. Data processing revenues increased from the growth in cellular subscribers partially offset by lower volume on a long distance credit card contract. Professional and consulting revenues increased \$37 million from a combination of additional work from existing customers, new PCS clients, and revenues of Information Systems

Development Partnership (ISD), a cable TV billing software company acquired in the fourth quarter of 1995. Revenues of ISD were also responsible for a higher level of computer hardware sales in 1996 than 1995. In 1996, international revenues increased \$21 million due primarily to improved performance on one contract. This contract produced higher-than-average margins for the year. The revenues and contribution margin of this contract were recognized at a lower level in 1995 due to contract uncertainties. The acquisitions of ISD in late 1995, and ICS and Swift in 1996, increased revenues by \$27 million in 1996.

COSTS AND EXPENSES

Costs and expenses excluding special items increased 22% to \$401.3 million in 1996. Direct costs of providing services represented the majority of the increase from increased headcount, the new data center, and other expenses associated with a higher level of business volume. Research and development costs increased \$23.8 million to approximately 12% of revenues as completion of the initial release of Precedent 2000 required higher development activity. Other expenses increased \$9.6 million. The \$3.0 million of special items in 1996 was the result of the expensing of in-process research and development associated with the acquisitions of ICS and Swift.

CONTRACTS

In 1996, several new contracts were announced. Two new contracts were for customer care and billing with prominent PCS companies in the United States. A third new contract was signed to support AT&T's re-entry into the local telephone market. These contracts produced minor amounts of revenue in 1996. Future revenues will be based on the success of these clients in adding customers. In the case of AT&T's re-entry into the local telephone market, the pace of regulatory change will affect CBIS's revenues from this contract.

CBIS's clients also extended several existing contracts in 1996. A contract extension through 2001 with a provision for further extension through 2003 was signed with AT&T Wireless Services. A contract extension through 2003 was signed with Comcast Cellular Corporation, and an extension through the year 2006 was signed with 360 DEG. Communications Company.

All of these contracts provide customer-care and billing services on a service bureau basis. The ultimate value and profitability of these contracts hinge on several factors: the ability to provide cost-effective solutions; the ability to

19

maintain and grow the systems as CBIS's clients increase the penetration of their markets; and the client's market success. During all of these activities, the current needs of its clients must also continue to be satisfied with the service and value.

One client, representing approximately 5% of CBIS's 1996 revenues, may transition to another provider of billing services during 1998.

1995 COMPARED TO 1994

REVENUES

Revenues increased 9% to \$373.9 million compared to the prior year. Data processing revenues increased \$43 million due to higher levels of cellular subscribers. Professional and consulting revenues increased due to a higher level of enhancements to systems. International revenues declined \$25 million in 1995 from the delayed delivery of a contract and the completion of a second contract.

COSTS AND EXPENSES

Costs and expenses excluding special items increased 4% to \$327.9 million. Most of the increase was for the development of Precedent 2000. Increased depreciation and amortization, due to additional software amortization, was offset by lower general and administrative expenses.

Special items of \$7.5 million were for the expensing of in-process research and development associated with the acquisitions of ISD and X International.

TELESERVICES

MATRIX is a leading provider of outsourced telephone marketing services. MATRIX's strategy is to offer a full range of customer service, sales support, and telephone marketing solutions to major companies in its targeted industries. MATRIX focuses on developing long-term relationships in the communications, technology, financial services, consumer products and direct response industries. MATRIX segments its services into traditional and outsourced programs. Traditional services involve large shared capacities for significant sales campaigns and direct response programs. Outsourced services require dedicated agents to handle a specific company's more complex customer service and sales account management needs.

[GRAPH]

During 1996, MATRIX expanded its capabilities through the acquisitions of SSI, a provider of outsourced technical help-desk applications, and a provider of interactive voice response services. In 1996, MATRIX's three largest clients extended their contracts. MATRIX also expanded its DIRECTV dedicated call center near Cincinnati and opened a new dedicated call center in Orem, Utah. There were approximately 14,000 MATRIX employees at December 31, 1996, an increase of 4,200 employees from December 31, 1995.

(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94
Revenues	\$367.1	\$271.1	35	\$226.1	20
Costs and expenses	321.5	238.8	35	203.5	17
Special items	2.0	39.6	-	-	-
Total	323.5	278.4	16	203.5	37
Operating income (loss)	\$ 43.7	\$(7.3)	-	\$ 22.6	-
Excluding special items:					
Operating income	\$ 45.7	\$ 32.3	41	\$ 22.6	43
Operating margin	12.4%	11.9%		10.0%	

1996 COMPARED TO 1995

REVENUES

Teleservices revenues grew 35% to \$367.1 million in 1996. MATRIX experienced good revenue growth throughout its business. The outsourced dedicated segment produced \$71 million of the revenue increase due to strong growth from DIRECTV and MATRIX's telecommunications and technology clients. The traditional services and international operations each increased revenues. Acquisitions produced \$6 million of revenues in 1996.

COSTS AND EXPENSES

Costs and expenses excluding special items grew at the same rate as

revenues in 1996. Personnel expenses increased at a higher rate than revenues, reflecting some wage pressure in certain labor markets. Telecommunications expense, a significant expense of the teleservices industry, grew slower than revenues. Facility costs and depreciation expense were higher in 1996 reflecting expansion in the business.

MATRIX's special items consist of \$2.0 million of in-process research and development costs that were expensed in connection with acquisitions in 1996.

1995 COMPARED TO 1994

REVENUES

Teleservices revenues increased 20% to \$271.1 million from growth in outsourced dedicated services and traditional services. Outsourced dedicated services accounted for most of the increase due to the expansion of business with DIRECTV and sales to firms in the communications, technology, and financial services industries.

20

COSTS AND EXPENSES

Costs and expenses excluding special items increased at a lower rate than revenues. Cost control efforts among production and staff reduced variable and administrative costs as a percentage of revenues. Direct personnel expenses increased at a lower rate than revenues. Telephone expenses and information systems and systems design costs comprised most of the remaining increase.

In 1995, MATRIX incurred \$39 million of special charges related to the impairment of goodwill of its operations in France.

OTHER BUSINESSES

(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94
Revenues	\$154.9	\$136.6	13	\$129.6	5
Costs and expenses	128.0	107.6	19	115.4	(7)
Special items	(1.2)	9.9	-	2.1	-
Total	126.8	117.5	8	117.5	-
Operating income	\$ 28.1	\$ 19.1	47	\$ 12.1	58
Excluding special items:					
Operating income	\$ 26.9	\$ 29.0	(7)	\$ 14.2	104
Operating margin	17.4%	21.2%		11.0%	

1996 COMPARED TO 1995

REVENUES

Revenues increased 13% from growth in directory sales, higher levels of long distance traffic and an increase in computer sales. Offsetting the increases were price discounts in the long distance business and a lower level of highly profitable copper scrap sales in the supply business.

COSTS AND EXPENSES

Costs and expenses increased 19% primarily from direct costs associated with sales. Other expense increases resulted from additional sales personnel and corporate costs. Increased corporate costs were the main factor in reduced margins. 1996 special items were pension settlement gains.

1995 COMPARED TO 1994

REVENUES

Higher sales of used telecommunications equipment, copper scrap and directory advertising accounted for the increase in revenues.

COSTS AND EXPENSES

Costs and expenses decreased due to lower network costs in the long distance business, a reduction in Ohio personal property taxes, and a lower level of provisions for inventory losses in the supply business.

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

OTHER INCOME (EXPENSE), NET

(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94
	\$12.1	\$(13.5)	-	\$1.7	-

1996 COMPARED TO 1995

Several non-recurring items contributed to the \$25.6 million increase in other income (expense), net. In 1995, the Company incurred a \$13.3 million charge to terminate its interest rate and currency swap agreement, and recognized a \$5 million writedown in the carrying cost of certain real estate. Additionally, in 1996, income from joint ventures net of litigation fees increased \$3.4 million.

1995 COMPARED TO 1994

Other income (expense), net decreased as the result of the non-recurring items described in the preceding paragraph and contributions to the Company's foundation. Partially offsetting the increased costs was \$5.4 million of higher interest income from temporary cash investments and \$5.6 million of increased income from joint ventures.

INTEREST EXPENSE

(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94
	\$33.9	\$52.8	(36)	\$49.5	7

1996 COMPARED TO 1995

The retirement of high cost long-term debt in late 1995 and in early 1996 resulted in reductions of \$17.8 million in interest expense. Additionally, CBT reversed \$2.5 million of accrued interest expense in the third quarter of 1996 related to overearnings liabilities. The weighted average interest rate decreased from 8.5% to 7.0%. Average debt outstanding decreased from \$599 million to \$510 million during the same time period.

1995 COMPARED TO 1994

A combination of higher interest rates on short-term borrowings, additional amounts accrued for FCC overearnings orders and unfavorable exchange rates with the swap agreement were the principal causes of the \$3.3 million increase in interest expense.

INCOME TAXES					
(\$ IN MILLIONS)	1996	1995	% Change 96 vs 95	1994	% Change 95 vs 94

Income taxes	\$99.7	\$5.7	--	\$42.1	(86)
Effective tax rate	35.0%	29.3%		35.7%	
Effective tax rate excluding special items	34.9%	35.6%		35.8%	

1996 COMPARED TO 1995 AND 1995 COMPARED TO 1994

Excluding special items, the effective tax rate did not change significantly in 1996 or 1995. See Note 3 of Notes to Financial Statements for a reconciliation of the effective tax rate.

FINANCIAL CONDITION

CAPITAL INVESTMENT, RESOURCES AND LIQUIDITY

Management believes that the Company has adequate resources available to finance its ongoing requirements. The Company maintains adequate lines of credit with several institutions to provide support for borrowings and general corporate purposes.

Cash provided by operating activities, which is the Company's primary source of liquidity, was \$252.0 million in 1996. Capital expenditures were \$156.2 million, up \$40.9 million from 1995. Most of the increase was for a new data center, expansion of teleservice facilities, the replacement of telephone switches and an increase in access lines in service. The sale of the Company's training center in northern Kentucky was the principal source of cash flow from dispositions of assets. Capital expenditures for 1997 are currently estimated to be \$215 million excluding acquisitions.

[GRAPH]

Other investing activities included payments of \$62.7 million for acquisitions. The primary reason for the increase in common shares issued during 1996 was the exercise of stock options for 751,000 common shares by Cincinnati Bell employees.

BALANCE SHEET

Receivables increased \$48.3 million for the year principally from the revenue growth at CBIS and MATRIXX. Payables and other current liabilities decreased \$39.1 million during the year primarily from settlements of overearnings liabilities, remaining purchase-price payments for ISD being made, and a lower balance of accrued property taxes due to law changes. Other long-term liabilities decreased \$37.1 million with the major cause being the recognition of settlement gains as a reduction of pension liabilities.

CAPITALIZATION

During 1996 and 1995, the Company restructured its debt by retiring long-term debt and terminating its swap agreement. The debt to capitalization

ratio was reduced to 44.3% at December 3, 1996, from 51.8% at December 31, 1995.

In December 1996, \$100 million of 6.7% notes due in December 1997 were classified as a current maturity. The Company intends to either refinance the notes in part or redeem the debt with cash from internally generated funds.

In January 1997, Duff & Phelps upgraded the Company's senior unsecured debt to A and its commercial paper rating to D-1. Duff & Phelps has reaffirmed CBT's senior unsecured debt at AA-. Moody's Investor Service and Standard and Poor's rate the Company's senior unsecured debt at A3 and A-, respectively, and commercial paper at P-2 and A-2, respectively. The ratings of CBT's unsecured debt by the same two agencies are Aa3 and AA-, respectively.

OTHER INFORMATION

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

22

REGULATORY MATTERS

TELECOMMUNICATIONS COMPETITION

Recently enacted and future legislative and regulatory initiatives will have an impact on CBT and other local exchange carriers (LECs). The extent of that impact will not be known until the initiatives are fully implemented. The basic thrust of these initiatives is to encourage competition in the communications industry by removing legal barriers to market entry.

FEDERAL -- The Telecommunications Act of 1996 (the Act) enacted in February 1996 requires incumbent LECs like CBT to interconnect with the networks of other service providers, unbundle certain network elements and make retail telecommunications services available to competing providers at wholesale rates. The Act leaves the implementation of these mandates to the Federal Communications Commission (FCC) and state regulatory agencies.

On August 8, 1996, the FCC issued an order establishing regulations to implement the "local competition" provisions of the Act. CBT and several other LECs believe the FCC's regulations with respect to interconnection, unbundling and resale are inconsistent with the requirements of the Act. Accordingly, they sought review of the FCC's order in the United States Court of Appeals. On October 15, 1996, the United States Court of Appeals for the Eighth Circuit stayed the effectiveness of portions of the FCC order, including the FCC's pricing standards. The Court of Appeals has not yet issued a final decision in this case. The FCC regulations requiring LECs to negotiate interconnection agreements with new entrants, unbundle their networks and resell retail telecommunications services, have not been stayed. 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 is sustained by the courts, and if CBT is unable to obtain waivers of certain regulations, CBT may see erosion of certain revenues designed to subsidize residential telephone service, and may incur increased costs to provide number portability and interconnection. These events could have a material adverse financial impact on CBT. CBT also believes the FCC

order significantly enhances the position of its competitors.

The outcome of three separate, but related, FCC proceedings could be significant for CBT. In the first of these proceedings, the FCC will be considering universal service recommendations 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.

OHIO -- 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. The guidelines mandate interconnection, unbundling of network elements, the resale of retail telecommunications services, and the implementation of number portability. Rates, terms and conditions for these requirements are to be established through negotiation and/or arbitration. CBT has filed an appeal of the local service guidelines with the Ohio Supreme Court.

On December 9, 1996, CBT filed a petition with the PUCO requesting a temporary suspension of certain of the Act's requirements and certain of the PUCO's local service guidelines. CBT's filing includes a request for temporary relief from certain federal and state mandates that detail how LECs must interconnect their networks with, and make their facilities available to, interconnectors. CBT's petition was filed pursuant to a provision of the Act which permits local exchange carriers serving fewer than 2% of the nation's access lines to petition their state commissions for suspension and/or modification of the Act's local competition provisions. The PUCO has not yet issued a decision on this petition.

As of December 31, 1996, the PUCO had granted certificates to provide basic local exchange service in CBT's operating territory to Communications Buying Group (CBG) and Time Warner Communications of Ohio, L.P. (TWCO). CBT believes the PUCO exceeded its statutory authority by granting CBG and TWCO certificates and filed appeals of the decisions with the Ohio Supreme Court. In addition, on January 16, 1997, the PUCO rendered a decision authorizing seven providers to file tariffs no later than March 3, 1997, and granted authority to provide local service upon approval of appropriate interconnection agreements. Three other applications to provide local exchange service in CBT's territory are pending. Applicants with approved tariffs include ICG, MFS, A.R.C. Networks, Sprint, LCI, Cable and Wireless Inc. and Winstar Wireless of Ohio, Inc.

As of December 31, 1996, seven carriers have officially requested to begin interconnection negotiations with CBT: AirTouch Cellular, Intermedia Communications, ICG, MCI, Ameritech Cellular, Sprint, and Nextel Communications. Once officially notified, CBT has 135 days to reach agreement with each party before arbitration can be requested from the PUCO. The 135-day periods began to expire in January 1997.

KENTUCKY -- 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 LEC's, 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.

ALTERNATIVE REGULATION

On February 5, 1997, CBT filed an alternative regulation plan with the PUCO seeking to gradually rebalance its rates. Upon the plan's approval, residence rates will increase and business rates decrease, although the total effect of the change could be spread over two years. Since the PUCO had not yet ruled on CBT's petition for a temporary suspension as of the date CBT's alternative regulation application was filed, CBT incorporated many of the requests contained in its pending petition for suspension into its alternative regulation application.

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.

DEPRECIATION RATE CHANGE

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 every three years, in conjunction with the PUCO and the PSCK. CBT's next scheduled triennial depreciation represcription is in 1997. It is possible that 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's applicability 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.

At the present time, CBT believes that, based on its current competitive and regulatory environment, the application of SFAS 71 remains appropriate. However, competitive, legislative and regulatory uncertainties require CBT to regularly review these criteria. In the event CBT determines that it no longer meets the criteria for following SFAS 71, CBT could recognize an extraordinary non-cash charge of up to \$300 million. This would include the elimination of regulatory assets and liabilities, and adjusting the carrying amount of telephone plant to the extent it is not recoverable in future revenues. CBT's estimate of the embedded regulatory assets due to the under depreciation of plant assets, as a result of the regulatory process prescribing depreciation lives for regulatory purposes longer than economic lives, is approximately \$170 million. Asset lives used for future depreciation expense would likely be shorter than those approved by regulators.

BUSINESS OUTLOOK

All of the Company's markets are becoming more competitive as technological change quickens and regulatory barriers recede. This may increase the future variability of the Company's financial results.

TELEPHONE OPERATIONS

The local exchange business is becoming increasingly competitive. Competitive local exchange carriers, alternative access providers, cable TV providers and wireless providers all intend to compete for segments of the local exchange business. CBT's competitors have substantial capital and resources, and may not face the same regulatory constraints as CBT. Some of these competitors may resell the services of CBT, and may be willing to make significant financial concessions to enter CBT's markets.

Some competitors will be national in scale and may be able to offer lower prices than CBT. Also, some industry participants have expressed plans to offer a bundle of communications services. These competitors may be willing to offer the local exchange component of their bundle at a loss in order to preserve profits of their core business.

In addition to competition, CBT faces changing regulation. Both federal and state regulatory agencies are interested in promoting greater competition in the local exchange business. The mandated costs that CBT must incur to open the market, such as interconnection and local number portability, may be significant.

In anticipation of these changes, CBT continues to streamline its processes to improve responsiveness to customer needs, introduce new products and services, expand distribution channels, improve quality and reduce costs. In addition, CBT will continue to upgrade its network, offer new services, and develop new technologies and merchandising relationships, as sound business judgment dictates. CBT has constructed optical fiber rings in the metropolitan Cincinnati area to improve services for business customers. It has also broadened its service offering to include serving as an agent for direct broadcast satellite television service and providing Internet access.

In February 1997, CBT and AT&T announced that they had signed a memorandum of understanding to extend their strategic relationship for the marketing and provisioning of telecommunications services in the Cincinnati area. Significant work remains to turn the understanding into a multi-year contract satisfactory to CBT. This agreement does not involve AT&T's relationship with the Company's other subsidiaries.

INFORMATION SYSTEMS

CBIS is a leading provider of customer-care and billing services and solutions to the communications industry in North America. CBIS also develops network management systems for large international telephone companies, and provides customer-care and billing systems to cable TV providers.

The wireless industry has been growing in excess of 25% per year in terms of subscribers. Forecasts expect the introduction of PCS to help continue this growth, although perhaps at lower levels. Over the past few years, CBIS has grown with the wireless market. CBIS's future growth is dependent on its clients' success in gaining and retaining customers in an increasingly competitive marketplace.

CBIS relies on several significant clients for a large percentage of revenue. In 1996, CBIS's top four clients, excluding CBT, accounted for 67% of CBIS's revenues. While CBIS maintains multi-year contracts for its services, several contracts contain provisions that allow a client to terminate the relationship at any time prior to the end of the contract term. The dependence on few clients can cause pricing pressure. Additionally, it is possible that a client may desire to bring its customer-care and billing functions in-house. Consolidation in the industry could cause CBIS to lose a large client. The loss of a large client could result in a material reduction in CBIS's revenues and profits.

CBIS's leadership in the U.S. wireless market requires significant continued investment in software development. In late 1996, CBIS implemented its initial release of Precedent 2000, a flexible system based on a client-

server architecture. Precedent 2000 has not been in production long and will need significant enhancements in order to meet client expectations.

CBIS also develops network management systems for international communications companies. These systems and contracts are large and complex, often requiring the development of unique solutions. The profitability of these contracts is difficult to forecast and can be volatile.

25

TELESERVICES

The continued growth at MATRIXX has primarily been driven by expansion of existing relationships, the addition of new customers, and the acquisition of businesses and new capabilities. MATRIXX continues to increase the range of services it offers, having added technical help desk, Internet services and interactive voice response during the year.

During 1996, several of MATRIXX's competitors became publicly traded companies through initial public stock offerings. These competitors have gained access to capital to facilitate their growth and make acquisitions. The addition of well-financed competitors could cause pricing and profitability pressures in the industry as well as increase the variability of MATRIXX's financial results.

MATRIXX's business relies on access to labor. A shortage of available labor, or the need to increase labor rates, could have a significant impact on MATRIXX's financial performance.

MATRIXX's top three clients, accounting for 44% of 1996 MATRIXX revenues, entered into multi-year contracts during 1996. However, the contracts are able to be terminated prior to the end of the contract term and the loss of a large client would materially impact MATRIXX's revenues and profits.

OTHER

The Company'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.

The Company, which has a 45% interest in a cellular partnership, has been seeking to dissolve the partnership because of recent changes in the structure of the telecommunications industry, including the enactment of the Telecommunications Act of 1996. These changes have positioned the partnership in direct competition with its two major partners, including the Company, creating irreconcilable conflicts of interest among them.

In February 1997, the Delaware Supreme Court affirmed a lower court ruling which denied the Company's motion to dissolve the partnership. The Company's share of partnership income was \$11.6 million in 1996 and its investment at December 31, 1996, was \$54.4 million. The future earnings of the partnership and the ability of the Company to realize the market value of its investment are uncertain.

In November 1996, the cellular partnership sued the Company seeking a declaratory judgment that the Company be denied the opportunity to provide PCS services and be required to withdraw from the partnership. After the Company was the successful bidder for a PCS license, the partnership's general partner wrote a letter to the Company contending that event constituted a withdrawal of the Company from the partnership. The Company believes that none of its actions conflict with its partnership interest and that it continues to be a limited partner in good standing in the partnership. The matter is before the Delaware Chancery Court.

The Company 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 the Company's systems continue to meet its internal needs and those of its customers. The Company will begin to incur expenses in 1997 to resolve this issue. These expenses may be significant and may continue through the year 1999.

The Company does not believe that inflation has had a material effect on its results of operations. However, there can be no assurance that the Company's businesses will not be affected by inflation in the future.

The Company's foreign operations are subject to the risk of fluctuation in currency exchange rates and to exchange controls. The Company cannot predict the extent to which such controls and fluctuations in currency exchange rates may affect its operations in the future. See Note 18 of Notes to Financial Statements for the revenues and identifiable assets of foreign operations.

The Company continues to review opportunities for acquisitions and divestitures for all its businesses to enhance shareowner value.

26

CINCINNATI BELL INC
REPORTS OF MANAGEMENT AND
INDEPENDENT ACCOUNTANTS

REPORT OF MANAGEMENT

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

In meeting its responsibility for the reliability of the financial statements, management maintains a system of internal accounting controls, which is continually reviewed and evaluated. Our internal auditors monitor compliance with it in connection with their program of internal audits. However, there are inherent limitations that should be recognized in considering the assurances provided by any system of internal accounting controls. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not exceed, in management's judgment, the benefits to be derived. Management believes that its system provides reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization, that the recorded accountability for assets is compared with the existing assets at reasonable intervals, and that appropriate action is taken with respect to any differences. Management also seeks to assure the objectivity and integrity of its financial data by the careful selection of its managers, by organization arrangements that provide an appropriate division of responsibility, and by communications programs aimed at assuring that its policies, standards and managerial authorities are understood throughout the organization.

The financial statements have been audited by Coopers & Lybrand L.L.P., independent accountants. Their audit was conducted in accordance with generally accepted auditing standards.

The Audit Committee of the Board of Directors (see page 45), which is composed of three directors who are not employees, meets periodically with management, the internal auditors and Coopers & Lybrand L.L.P. to review their performance and responsibilities and to discuss auditing, internal accounting controls and financial reporting matters. Both the internal auditors and the independent accountants periodically meet alone with the Audit Committee and have access to the Audit Committee at any time.

/s/ Brian C. Henry

BRIAN C. HENRY
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareowners of Cincinnati Bell Inc.

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, common shareowners' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cincinnati Bell Inc. and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

As discussed in Note 2 of Notes to Financial Statements, the Company changed its method of accounting for postemployment benefits in 1994.

/s/ Coopers & Lybrand L.L.P.

Cincinnati, Ohio
February 14, 1997

27

CINCINNATI BELL INC
CONSOLIDATED STATEMENTS OF INCOME

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS	Year Ended December 31	1996	1995	1994
REVENUES		\$ 1,573.7	\$1,336.1	\$ 1,228.2
Costs and Expenses				
Costs of products and services		850.3	705.2	656.3
Selling, general and administrative		273.8	250.8	246.7
Depreciation and amortization		172.8	162.2	154.1
Special charges (credits)		(29.7)	171.2	5.7
Total costs and expenses		1,267.2	1,289.4	1,062.8
OPERATING INCOME		306.5	46.7	165.4
Other Income (Expense), net		12.1	(13.5)	1.7

Interest Expense	33.9	52.8	49.5
Income (Loss) Before Income Taxes, Extraordinary Charge and Cumulative Effect of Change in Accounting Principle	284.7	(19.6)	117.6
Income Taxes	99.7	5.7	42.1
Income (Loss) Before Extraordinary Charge and Cumulative Effect of Change in Accounting Principle	185.0	(25.3)	75.5
Extraordinary Charge	-	(7.0)	-
Cumulative Effect of Change in Accounting Principle	-	-	(2.9)
NET INCOME (LOSS)	\$ 185.0	\$ (32.3)	\$ 72.6

EARNINGS (LOSS) PER COMMON SHARE			
Income (Loss) Before Extraordinary Charge and Cumulative Effect of Change in Accounting Principle	\$ 2.70	\$ (.38)	\$ 1.15
Extraordinary Charge	-	(.11)	-
Cumulative Effect of Change in Accounting Principle	-	-	(.04)
Net Income (Loss)	\$ 2.70	\$ (.49)	\$ 1.11

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING INCLUDING EQUIVALENTS (000)			
	68,589	66,271	65,443

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

28

CINCINNATI BELL INC
CONSOLIDATED BALANCE SHEETS

MILLIONS OF DOLLARS at December 31 1996 1995

A S S E T S

CURRENT ASSETS

Cash and cash equivalents	\$ 2.0	\$ 2.9
Receivables, less allowances of \$11.7 and \$14.7	315.0	266.7
Material and supplies	17.3	10.5
Deferred income taxes	15.4	25.4
Prepaid expenses and other current assets	40.9	35.9
Total current assets	390.6	341.4

PROPERTY, PLANT AND EQUIPMENT, NET	985.8	993.9
GOODWILL AND OTHER INTANGIBLES	205.1	172.3
INVESTMENTS IN UNCONSOLIDATED ENTITIES	61.3	53.4
DEFERRED CHARGES AND OTHER ASSETS	28.1	30.7
TOTAL ASSETS	\$1,670.9	\$1,591.7

L I A B I L I T I E S A N D S H A R E O W N E R S ' E Q U I T Y

CURRENT LIABILITIES

Debt maturing within one year	\$ 224.2	\$ 126.1
Payables and other current liabilities	288.1	327.2
Total current liabilities	512.3	453.3

LONG-TERM DEBT	279.5	386.8
DEFERRED INCOME TAXES	119.6	111.3
OTHER LONG-TERM LIABILITIES	125.1	162.2

Total liabilities	1,036.5	1,113.6
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREOWNERS' EQUITY		
Common shares	67.6	66.7
Additional paid-in capital	280.6	256.1
Retained earnings	288.5	157.1
Currency translation adjustments	(2.3)	(1.8)
	-----	-----
Total shareowners' equity	634.4	478.1
	-----	-----
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	\$1,670.9	\$1,591.7
	-----	-----
	-----	-----

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

29

CINCINNATI BELL INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994
		-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)		\$ 185.0	\$ (32.3)	\$ 72.6
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization		172.8	162.2	154.1
Special charges (credits)		(29.7)	171.2	5.7
Provision for loss on receivables		9.0	8.5	11.1
Charge for purchased research and development		5.0	7.5	-
Cumulative effect of accounting change		-	-	4.5
Other, net		.1	6.6	9.3
Change in assets and liabilities net of effects from acquisitions and disposals:				
Increase in receivables		(45.6)	(34.1)	(33.0)
Decrease (increase) in other current assets		(1.4)	(1.1)	6.3
Increase (decrease) in accounts payable and accrued liabilities		(35.9)	(1.4)	8.9
Increase (decrease) in other current liabilities		(13.5)	(11.2)	31.7
Increase (decrease) in deferred income taxes and unamortized investment tax credits		6.4	(50.5)	(4.1)
Decrease (increase) in other assets and liabilities, net		(.2)	7.3	4.2
Decrease in assets and liabilities from termination of swap agreement		-	(36.6)	-
		-----	-----	-----
Net cash provided by operating activities		252.0	196.1	271.3
		-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures - telephone plant		(99.3)	(89.7)	(110.5)
Capital expenditures - other		(56.9)	(25.6)	(36.2)
Acquisitions, net of cash acquired		(62.7)	(31.4)	-
Dispositions of assets		12.7	-	27.0
Other, net		(4.9)	5.4	2.5
		-----	-----	-----
Net cash used in investing activities		(211.1)	(141.3)	(117.2)
		-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of long-term debt		-	21.9	-
Repayment of long-term debt		(90.9)	(78.4)	(1.5)
Net increase (decrease) in short-term debt		79.1	(29.9)	(45.9)
Issuance of common shares		23.7	9.1	15.3
Dividends paid		(53.7)	(53.0)	(52.3)
		-----	-----	-----
Net cash used in financing activities		(41.8)	(130.3)	(84.4)
		-----	-----	-----
Net increase (decrease) in cash and cash equivalents		(.9)	(75.5)	69.7
Cash and cash equivalents at beginning of year		2.9	78.4	8.7
		-----	-----	-----
Cash and cash equivalents at end of year		\$2.0	\$ 2.9	\$78.4

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

CINCINNATI BELL INC.
 CONSOLIDATED STATEMENTS OF COMMON
 SHAREOWNERS' EQUITY

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS	Common Shareowners Equity					Common Shares Outstanding (millions)
	Total	Common Shares	Additional Paid-In Capital	Retained Earnings	Currency Translation Adjustments	
BALANCE AT JANUARY 1, 1994	\$515.6	\$ 65.0	\$223.2	\$227.4	\$ -	65.0
Shares issued under shareowner and employee plans	17.2	.9	16.3	-	-	.9
Net income	72.6	-	-	72.6	-	-
Pension liability adjustment	(1.0)	-	-	(1.0)	-	-
Currency translation adjustments	.4	-	-	-	.4	-
Dividends on common shares \$.80 per share	(52.4)	-	-	(52.4)	-	-
BALANCE AT DECEMBER 31, 1994	\$552.4	\$ 65.9	\$239.5	\$246.6	\$.4	65.9
Shares issued under shareowner and employee plans	14.5	.7	13.9	(.1)	-	.7
Other shares issued	2.8	.1	2.7	-	-	-
Net loss	(32.3)	-	-	(32.3)	-	-
Pension liability adjustment	(4.0)	-	-	(4.0)	-	-
Currency translation adjustments	(2.2)	-	-	-	(2.2)	-
Dividends on common shares \$.80 per share	(53.1)	-	-	(53.1)	-	-
BALANCE AT DECEMBER 31, 1995	\$478.1	\$ 66.7	\$256.1	\$157.1	\$(1.8)	66.7
Shares issued under shareowner and employee plans	25.7	.9	24.5	.3	-	.9
Net income	185.0	-	-	185.0	-	-
Currency translation adjustments	(.5)	-	-	-	(.5)	-
Dividends on common shares \$.80 per share	(53.9)	-	-	(53.9)	-	-
BALANCE AT DECEMBER 31, 1996	\$634.4	\$ 67.6	\$280.6	\$288.5	\$(2.3)	67.6

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

CINCINNATI BELL INC.
 NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

CONSOLIDATION -- The consolidated financial statements include the accounts of Cincinnati Bell Inc. and its wholly owned subsidiaries (the Company). The Company is a diversified communications company with principal businesses in three industry segments. The telephone operations segment, Cincinnati Bell Telephone Company (CBT), provides local telephone exchange services and products in the Greater Cincinnati area. The information systems segment, Cincinnati Bell Information Systems Inc. (CBIS), provides and manages customer-care and billing solutions for the communications and cable TV industries. The teleservices segment, MATRIX Marketing Inc. (MATRIX), provides a full range of outsourced telephone marketing solutions to large corporations. The information systems and teleservices segments have minor international operations, primarily in Europe. The Other category includes the Company's businesses which provide long distance, directory services and communications equipment. All significant intercompany transactions and

balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform with the current year's presentation.

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

REGULATORY ACCOUNTING -- CBT follows the accounting under the provisions of Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation." This accounting reflects the rate actions of regulators in the financial statements. The rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, impose a liability, or eliminate a liability previously imposed. The most significant impact from the rate actions is on depreciation because regulatory recovery periods used for telephone plant are longer than the useful lives that might otherwise be used. The Company continually reviews the applicability of SFAS 71 based on developments in its current regulatory and competitive environment. In the event CBT determines that it no longer meets the criteria for following SFAS 71, CBT could recognize an extraordinary non-cash charge of an amount that would be material. This would include the elimination of regulatory assets and liabilities, and adjusting the carrying amount of telephone plant to the extent it is not recoverable in future revenues. CBT's estimate of the embedded regulatory assets due to the under depreciation of plant assets, as a result of the regulatory process prescribing depreciation lives for regulatory purposes longer than economic lives, is approximately \$170 million. Asset lives used for future depreciation expense would likely be shorter than those approved by regulators. The accounting under the provisions of SFAS 71 results in non-plant regulatory assets of \$10.2 million and regulatory liabilities of \$22.1 million as described in Note 3.

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

MATERIAL AND SUPPLIES -- New and reusable material, related to the regulated telephone operations, are carried at average original cost, or specific costs for large items. Nonreusable material is carried at estimated salvage value.

PROPERTY, PLANT AND EQUIPMENT -- Property, plant and equipment are stated at original cost.

The Company's provision for depreciation of telephone plant is determined on a straight-line basis using the whole life and remaining life methods. Depreciation expense also includes amortization of certain classes of telephone plant and identified depreciation reserve deficiencies over periods allowed by regulatory authorities. Provision for depreciation of other property is based on the straight-line method over the estimated useful life.

Telephone plant is retired at its original cost, net of cost of removal and salvage, and is charged to accumulated depreciation.

SOFTWARE DEVELOPMENT COSTS -- Research and development expenditures are charged to expense as incurred. The development costs of software to be marketed are charged to expense until technological feasibility is established. After that time, the remaining software development costs are capitalized and recorded in property, plant and equipment. Amortization of the capitalized amounts is computed on a product-by-product basis using the straight-line method over the remaining estimated economic life of the product, generally not exceeding four years.

GOODWILL AND OTHER INTANGIBLES -- Goodwill resulting from the purchase of businesses and other intangibles are recorded at cost and amortized on a straight-line basis over periods ranging from 5 to 40 years. Goodwill and other intangibles are evaluated periodically as events or circumstances indicate a possible inability to recover their carrying amount. Such evaluation is based on various analyses, including cash flow and

profitability projections that incorporate, as applicable, the impact on existing company businesses. The analyses necessarily involve significant management judgment to evaluate the capacity of an acquired business to perform within projections. If future expected undiscounted cash flows are insufficient to recover the carrying amount of the asset, then an impairment loss is recognized.

-32-

REVENUE RECOGNITION -- Local telephone service revenues are generally billed monthly in advance and are recognized when services are provided. Information systems revenues consist of data processing revenue recognized as services are performed. On certain long-term systems development contracts, the percentage of completion method is used to recognize revenues. Because the percentage of completion method requires estimates of costs to complete contracts, it is possible that estimated costs to complete contracts will be revised in the near term. Revenues from software maintenance agreements are deferred and are recognized over the maintenance period. Software licensing revenues are recognized when delivery of the software occurs if the Company does not have to provide additional significant service under the contract. Billed but unearned revenues are deferred. All other revenues are recognized when the services are performed regardless of the period in which they are billed.

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

EARNINGS PER COMMON SHARE -- Earnings per common share are calculated by using the weighted average number of common shares outstanding including stock equivalents.

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

CURRENCY TRANSLATION -- Assets and liabilities of foreign operations, where the functional currency is the local currency, are translated to U.S. dollars at year-end exchange rates. The related currency translation adjustments are reflected as cumulative translation adjustments, a separate component of shareowners' equity. Revenue and expenses are translated at average rates of exchange prevailing during the year.

FINANCIAL INSTRUMENTS -- The Company manages certain portions of its foreign currency and interest rate fluctuations through a small number of instruments but does not engage in foreign currency speculation. Generally, foreign currency instruments and forwards are valued relative to the period-ending spot rate. Gains and losses applicable to those instruments are recorded to income currently with the exception of amounts related to foreign currency instruments that have been designated as a hedge of a net investment in a foreign subsidiary. Hedge results of a net investment in a foreign subsidiary are excluded from income and recorded as adjustments to shareowners' equity until the related subsidiary is sold or liquidated. The interest elements of these foreign instruments are recognized to income ratably over the life of the contract. The interest rate differential to be paid or received on interest rate differential to be paid or received on interest rate swap agreements and related foreign currency transaction gains and losses are accrued as interest rates change and are recognized as an adjustment of interest expense.

2. SPECIAL ITEMS

SPECIAL CHARGES (CREDITS)

In the first quarter of 1995, the Company approved a restructuring plan for CBT and CBI. The restructuring plan resulted in the need for fewer people to operate the business. More than 1,300 employees accepted the early retirement offer and at December 31, 1996, approximately 350 management and 950 hourly employees had left the Company. The remaining employees who accepted the offer will leave the Company no later than March 31, 1997.

During 1996, the Company recorded \$27.4 million of non-cash pension settlement gains and reversed \$2.3 million of the restructuring liability which increased net income by \$18.9 million or \$.28 per share. Cash expenditures of \$3.2 million for vacation buyouts, severance and real estate costs and the above restructuring liability reversal reduced the liability to \$8.7 million at year end. The liability reversal was the result of better-than-expected utilization of leased real estate. The Company expects to recognize approximately \$20 million of additional settlement gains in the first half of 1997.

In December 1993, the Company announced a restructuring plan for CBIS. At December 31, 1996, the balance of the 1993 CBIS restructuring and disposal liability was \$2.6 million. Charges for discontinued products and contingencies of businesses sold reduced the reserve by \$3.7 million during 1996.

NON-RECURRING ITEMS

Costs and expenses include \$5.0 million of in-process research and development costs which were expensed in connection with acquisitions. This reduced net income by \$3.1 million or \$.05 per share.

Interest expense reflects a reversal of \$2.5 million of accrued interest by CBT related to overearnings liabilities. As a result, net income increased \$1.6 million or \$.02 per share (see Note 17).

1995

SPECIAL CHARGES

During 1995, the Company recorded special charges of \$131.6 million, net of settlement gains, to reflect the cost of the CBT and CBI restructuring plan. The charges included \$58 million for pension enhancements, \$54 million of curtailment losses for postretirement health care costs, \$7 million for lease termination costs, \$4 million for vacation buyouts and severance pay and the remainder for other costs. The charges reduced net income by approximately \$84 million or \$1.26 per share.

During 1995, cash payments of \$7.7 million were applied to the restructuring liability, including \$4 million for the non-qualified portion of lump-sum pension distributions and \$3.4 million for vacation buyouts and severance.

In December 1995, the Company recognized an impairment loss of \$39 million resulting from the writedown of goodwill related to the Company's French telephone marketing businesses (see Note 7).

NON-RECURRING ITEMS

Costs and expenses include \$7.5 million of in-process research and development costs which were expensed in connection with CBIS acquisitions. This reduced net income by \$4.6 million or \$.07 per share (see Note 6).

Other income (expense), net includes a charge to reduce to market value real estate held for sale, which decreased net income by \$3.3 million or \$.05 per share. Also included is a charge resulting from termination of the Company's interest rate and currency swap agreement, which was used to hedge its investment in MATRIXX's French operations, reducing net income by \$8.5 million or \$.13 per share (see Note 10).

EXTRAORDINARY CHARGE

In December 1995, the Company retired, at a premium, \$75 million of 9.1% notes through redemption and partial insubstance defeasance. A portion of the debt was redeemed by cash payments of \$56.4 million, including accrued interest. In addition, U.S. government securities totaling \$21.3 million were placed in a trust and their use irrevocably restricted to satisfy the remaining principal balance of \$18.6 million and interest payments thereon. Available cash was used to finance the transaction. The cost of the retirement reduced net income by \$7 million or \$.11 per share.

1994

SPECIAL CHARGES

In December 1994, certain senior managers left CBT through a voluntary separation incentive program. The cost of this offer, including estimated curtailment losses from the Company's non-qualified pension program, partially offset by a reduction in the CBIS restructuring and disposal liability established in 1993, was \$5.7 million and reduced net income by \$3.7 million or \$.06 per share.

ACCOUNTING CHANGE

Effective January 1, 1994, the Company adopted SFAS 112, "Employers' Accounting for Post-employment Benefits." SFAS 112 required the accrual of the obligation for benefits provided to former or inactive employees, their beneficiaries and covered dependents after employment, but before retirement. These benefits include workers compensation, disability benefits and health care coverage for a limited time. The Company previously expensed these costs as they were paid. The cumulative effect of this accounting change reduced net income by \$2.9 million or \$.04 per share.

3. INCOME TAXES

The components of income tax expense are as follows:

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994
Current:				
Federal		\$80.6	\$ 49.7	\$47.2
Foreign		.5	.2	(.2)
State and local		6.0	6.1	3.7
		-----	-----	-----
Total current		87.1	56.0	50.7
Deferred		14.9	(49.0)	(4.5)
Investment tax credits		(1.9)	(1.3)	(3.2)
Adjustment of valuation allowance related to net capital losses		(.4)	--	(.9)
		-----	-----	-----
Total		\$99.7	\$ 5.7	\$42.1
		-----	-----	-----

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

MILLIONS OF DOLLARS	at December 31	1996	1995
		-----	-----

Deferred tax asset:		
Restructuring charges	\$ 3.2	\$ 6.7
Employee benefits	23.0	32.7
Unamortized investment tax credit	7.0	8.0
Loss carryforwards	26.7	28.6
Accrued liabilities	3.0	9.2
Other	19.0	21.3
	-----	-----
	81.9	106.5
Valuation allowance	(21.7)	(22.7)
	-----	-----
Net deferred tax asset	60.2	83.8
	-----	-----
Deferred tax liability:		
Depreciation and amortization	144.2	148.2
Basis differences on items previously flowed through to ratepayers	10.2	12.2
Other	3.8	3.4
	-----	-----
Total deferred tax liability	158.2	163.8
	-----	-----
Net deferred tax liability	\$ 98.0	\$ 80.0
	-----	-----
	-----	-----

34

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

	1996	1995	1994

U.S. federal statutory rate	35.0%	(35.0)%	35.0%
Insurance cash surrender value	(.2)	(2.3)	(.2)
Plant basis differences, net of depreciation	.4	6.2	1.1
Rate differential on reversing temporary differences	(.4)	(8.9)	(1.4)
Amortization and writedown of intangible assets	.6	78.8	1.6
State and local income taxes, net of federal income tax benefit	1.5	13.5	2.9
Investment and research tax credits	(1.4)	(18.6)	(4.0)
Taxes related to prior years	--	3.8	.6
Other differences	(.5)	(8.2)	.1
	-----	-----	-----
Effective rate	35.0%	29.3%	35.7%
	-----	-----	-----
	-----	-----	-----

At December 31, 1996 and 1995, the liability for income taxes includes approximately \$10.2 million and \$12.2 million, respectively, representing the cumulative amount of income taxes on temporary differences which were previously flowed through to ratepayers. CBT also recorded a corresponding regulatory asset for these items, representing amounts which will be recovered through the ratemaking process, which is recorded in other assets. These deferrals have been increased for the tax effect of the future revenue requirement and will be amortized over the lives of the related depreciable assets concurrently with their recovery in rates.

In addition, other long-term liabilities include a regulatory liability at December 31, 1996 and 1995, of approximately \$22.1 million and \$26.1 million, respectively, a substantial portion of which represents the excess

deferred taxes on depreciable assets, resulting primarily from the reduction in the statutory federal income tax rate from 46% to 35%. This amount will be amortized over the lives of the related depreciable assets in accordance with the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability also includes an amount associated with unamortized investment tax credits, which will be amortized in the same manner as the underlying investment tax credits. These regulatory liabilities have been increased to reflect future revenue requirement levels.

The Company had net operating loss carryforwards applicable to foreign subsidiaries at December 31, 1996 and 1995, of approximately \$15.3 million and \$17.6 million, respectively. Utilization of the foreign carryforwards is dependent upon future earnings of each subsidiary with foreign carryforwards expiring 1997 through 2003. Management believes it is more likely than not that all of the deferred tax assets applicable to net operating loss carryforwards of foreign subsidiaries will be realized. However, the amount considered realizable could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The Company had U.S. capital loss carryforwards at December 31, 1996 and 1995, of approximately \$62.0 million and \$64.9 million, respectively. Utilization of these capital losses is dependent upon the generation of future capital gains with the carryforwards expiring in 1998 through 2000 and, accordingly, a valuation allowance has been established for the related deferred tax asset.

4. RETIREMENT PLANS

PENSIONS

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for nonmanagement employees and one supplementary, nonqualified, unfunded plan for certain senior managers. The pension benefit formula for the management plan is a cash balance plan where the pension benefit is determined by a combination of compensation based credits and annual guaranteed interest credits. As a result of the 1996 collective bargaining, effective January 1, 1997, the nonmanagement pension plan changed the method of calculating the defined benefit payable at retirement date to a cash balance benefit. The pension benefit is determined by a combination of service and job classification based credits and annual interest credits. Benefits for the supplementary plan are based on years of service and eligible pay.

Funding of the management and nonmanagement plans is achieved through contributions made to an irrevocable trust fund. The contributions are determined using the aggregate cost method.

The Company uses the projected unit credit cost method for determining pension cost for financial reporting purposes and accounts for certain benefits provided under early retirement packages discussed in Note 2 as a special termination benefit.

Pension cost includes the following components:

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994
Service cost (benefits earned during the period)		\$ 7.2	\$ 6.9	\$ 12.4
Interest cost on projected benefit obligation		35.3	48.9	39.9
Actual return on plan assets		(147.1)	(185.6)	10.5
Amortization and deferrals - net		112.6	131.5	(63.2)
Special termination benefits		-	58.8	-
Curtailment loss		-	4.9	4.1
Settlement gains		(27.4)	(5.9)	-
		-----	-----	-----
Pension cost (income)		\$ (19.4)	\$ 59.5	\$ 3.7
		-----	-----	-----
		-----	-----	-----

The following table sets forth the plans' funded status:

MILLIONS OF DOLLARS	at December 31	1996	1995

Actuarial present value of accumulated benefit obligation including vested benefits of \$518.8 million and \$574.4 million, respectively		\$ 549.9	\$ 688.3
		-----	-----
Plan assets at fair value (primarily listed stocks, bonds and real estate, including \$43.0 million and \$120.1 million, respectively, in common shares of Cincinnati Bell Inc.)		\$698.6	\$ 698.9
Actuarial present value of projected benefit obligation		(587.3)	(709.0)
		-----	-----
Plan assets over (under) projected benefit obligation		111.3	(10.1)
Unrecognized prior service cost		21.9	30.9
Unrecognized transition asset		(25.8)	(36.1)
Unrecognized net gain		(114.6)	(18.0)
Recognition of minimum liability		(6.7)	(7.8)
		-----	-----
Accrued pension liability		\$ (13.9)	\$ (41.1)
		-----	-----
		-----	-----

In 1996, settlement gains of \$27.4 million were recognized by the Company with a corresponding reduction in the pension liability. In 1995, the Company recognized approximately \$58 million of special termination benefits in connection with the 1995 restructuring (see Note 2).

The Company used the following rates in determining the actuarial present value of the projected benefit obligation and pension cost for the three pension plans:

At December 31	1996	1995	1994

Discount rate - projected benefit obligation	7.25%	7.00%	8.25%
Future compensation growth rate	4.00%	4.00%	4.00%
Expected long-term rate of return on plan assets	8.25%	8.25%	8.25%

SAVINGS PLANS

The Company sponsors several defined contribution plans covering substantially all employees. The Company's contributions to the plans are based on matching a portion of the employee contributions or on a percentage of employee earnings or net income for the year. Total Company contributions to the defined contribution plans were \$9.4 million, \$10.9 million and \$8.4 million for 1996, 1995 and 1994, respectively.

5. EMPLOYEE POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company provides health care and group life insurance benefits for its employees if they retire with a service pension.

The Company funds its group life insurance benefits through Retirement Funding Accounts (RFAs) and funds health care benefits using Voluntary Employee Benefit Association (VEBA) trusts. It is the Company's practice to fund amounts as deemed appropriate from time to time. Contributions are subject to IRS limitations developed using the aggregate cost method. The associated plan assets are primarily equity securities and fixed income investments.

The components of postretirement benefit cost are as follows:

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995
Service cost (benefits earned during the period)		\$ 1.8	\$ 1.6
Interest cost on accumulated postretirement benefit obligation		15.6	15.2
Actual return on plan assets		(5.7)	(4.7)
Amortization and deferrals - net		5.3	5.5
Curtailement loss		--	53.8
Postretirement benefit cost		\$17.0	\$71.4

The funded status of the plans is:

MILLIONS OF DOLLARS	at December 31	1996	1995
Accumulated postretirement benefit obligation			
Retirees and dependents		\$191.6	\$201.4
Fully eligible active participants		6.6	7.4
Other active participants		29.1	26.4
Plan assets at fair value		(95.1)	(74.9)
Accumulated postretirement benefit obligation in excess of plan assets		132.2	160.3
Unrecognized prior service cost		(3.3)	(2.8)
Unrecognized transition obligation		(82.4)	(87.5)
Unrecognized net gain		5.2	(14.9)
Accrued postretirement benefit cost		\$ 51.7	\$ 55.1

The transition obligation is being amortized over twenty years. The curtailement loss in 1995 was a result of the business restructuring.

The accumulated postretirement benefit obligation and plan assets amounts at December 31, 1996 and 1995, include \$1.5 million and \$1.1 million, respectively, for group life insurance benefits.

The Company used the following rates in determining the actuarial present value of the accumulated postretirement benefit obligation (APBO) and postretirement benefit costs:

At December 31	1996	1995

Discount rate - APBO	7.25%	7.00%
Expected long-term rate of return for VEBA assets	8.25%	8.25%
Expected long-term rate of return for RFA assets	8.00%	8.00%

The assumed health care cost trend rate used to measure the postretirement health benefit obligation at December 31, 1996, was 6.6% and is assumed to decrease gradually to 4.3% by the year 2005. A one percentage point increase in the assumed health care cost trend rate would have increased the aggregate of the service and interest cost components of 1996 postretirement health benefits by approximately \$.7 million, and would increase the accumulated postretirement benefit obligation as of December 31, 1996, by approximately \$9.1 million.

6. SOFTWARE DEVELOPMENT COSTS

Capitalized software development costs, net of accumulated amortization, consist of the following:

MILLIONS OF DOLLARS	1996	1995	1994

Balance - beginning of year	\$ 18.8	\$ 30.1	\$ 35.1
Additions	-	-	5.5
Amortization	(9.3)	(11.3)	(10.5)
	-----	-----	-----
Balance - end of year	\$ 9.5	\$ 18.8	\$ 30.1
	-----	-----	-----

Amortization of capitalized software cost is included in depreciation and amortization expense. Product development costs were \$60.4 million in 1996, and \$39.0 million and \$22.1 million in 1995 and 1994, respectively.

In connection with acquisitions in 1996 and 1995, \$5.0 million and \$7.5 million, respectively, of the purchase price was allocated to in-process research and development and charged to product development costs at the time of the acquisition. As of the date of the acquisitions, the Company concluded that the in-process technology had no alternative future use and had not reached technological feasibility.

7. GOODWILL AND OTHER INTANGIBLES

Goodwill and other intangibles, net of accumulated amortization, consist of the following:

MILLIONS OF DOLLARS	1996	1995
Balance - beginning of year	\$172.3	\$197.4
Additions	45.0	24.4
Writedown	-	(39.0)
Amortization	(11.8)	(8.8)
Other	(.4)	(1.7)
Balance - end of year	\$205.1	\$172.3
Accumulated amortization - end of year	\$ 98.4	\$ 89.2

Additions to goodwill in 1996 and 1995 were the result of business acquisitions that were accounted for using the purchase method of accounting. The purchase contracts of certain 1996 acquisitions contain provisions that could increase the related purchase price by up to \$20 million if certain conditions are met. Any increases in the purchase price will be recorded as goodwill.

In December 1995, the Company recognized a goodwill impairment charge of \$39 million, with no associated tax benefit, that reduced net income by \$39 million or \$.59 per share. The goodwill was related to the 1990 acquisition of two French telephone marketing businesses. The impairment was recognized because it became apparent in late 1995 that the French business would not likely meet plans required to sustain the recorded goodwill.

8. DEBT MATURING WITHIN ONE YEAR AND LINES OF CREDIT

Debt maturing within one year consists of the following:

MILLIONS OF DOLLARS	at December 31	1996	1995	1994
Short-Term Debt				
Commercial paper		\$ 30.0	\$ -	\$ 65.8
Bank notes		85.0	35.9	-
Current maturities of long-term debt		109.2	90.2	2.9
Total		\$224.2	\$126.1	\$ 68.7
Weighted average interest rates on short-term debt		5.5%	5.9%	6.2%

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

MILLIONS OF DOLLARS	1996	1995	1994
Average amounts of short-term debt outstanding during the year*	\$113.5	\$ 66.1	\$ 69.5
Weighted average interest rate during the year**	5.6%	6.1%	4.2%
Maximum amounts of short-term debt at any month-end during the year	\$140.0	\$ 71.1	\$100.2

* Amounts represent the average daily face amount of notes.

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

At December 31, 1996, the Company had approximately \$118 million of unused bank lines of credit, which are available to provide support for commercial paper borrowings. These lines of credit are available for general corporate purposes. There are no material compensating balances or commitment fee agreements under these credit arrangements.

9. LONG-TERM DEBT

Long-term debt is as follows:

MILLIONS OF DOLLARS	at December 31	1996	1995

Debentures/Notes			
Year of Maturity	Interest Rate %		
1996	7.300	\$ -	\$ 40.0
1997	6.700	100.0	100.0
1999	8.625	-	40.0
2002	4.375	20.0	20.0
2003	6.240	20.0	20.0
2005	6.330	20.0	20.0
2011	7.375	50.0	50.0
2023	7.250	50.0	50.0
2023	7.180-7.270	80.0	80.0
		-----	-----
		340.0	420.0
Capital leases and other		48.7	57.0
		-----	-----
		388.7	477.0
Current maturities		(109.2)	(90.2)
		-----	-----
Total		\$279.5	\$386.8
		-----	-----
		-----	-----

At December 31, 1996, \$100 million of 6.7% notes due in December 1997 were classified as a current maturity.

In December 1995, CBT called for redemption \$40 million of 7.3% notes due 1996 and \$40 million of 8 5/8% notes due 1999. The redemption was accomplished in January 1996 by issuing short-term debt. The cost of the redemption was minimal.

10. TERMINATION OF INTEREST RATE AND CURRENCY SWAP AGREEMENT

In December 1995, the Company terminated an interest rate and currency swap agreement that was entered into in 1990 to hedge the Company's investment in a French subsidiary of MATRIXX. The agreement effectively converted \$41.7 million of the Company's short-term variable rate borrowings to long-term French franc fixed-interest-rate debt due in the year 2000. Net effective interest expense accrued at approximately 11%. Currency gains and losses were reflected in the currency adjustment in the shareowners' equity.

The net effect of the swap for the years ended December 31, 1995 and 1994, was to increase interest expense by \$5.1 million and \$4.5 million, respectively. The swap also increased the Company's weighted average interest rate from 7.7% to 8.5% in 1995 and from 7.4% to 8.2% in 1994. Under the terms

of the agreement, the Company paid additional termination costs of \$13.3 million in 1995. The termination costs were recorded in other income (expense), net.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, and short-term debt, consisting of commercial paper and short-term notes payable - the carrying amount approximates fair value because of the short time to maturity of those instruments.

Long-term debt - the fair value is estimated based on year-end closing market prices of the Company's debt and of similar liabilities. The carrying amounts at December 31, 1996 and 1995, were approximately \$353.9 million and \$441.9 million, respectively. The estimated fair values at December 31, 1996 and 1995, were \$351.3 million and \$448.4 million, respectively.

38

12. COMMON AND PREFERRED SHARES

COMMON SHARES

The Company is authorized to issue up to 240 million common shares. Par value of the common shares is \$1 per share. At December 31, 1996 and 1995, there were 67.6 million and 66.7 million common shares outstanding, respectively.

On February 3, 1997, the Company's Board of Directors approved a two-for-one split of the Company's common shares payable to shareowners of record May 2, 1997. The split will not affect the total dollar amount of common shareowners' equity.

COMMON SHARE PURCHASE RIGHTS PLAN

In 1986, the Company 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 expired on November 5, 1996.

PREFERRED SHARES

The Company is authorized to issue up to 4 million voting preferred shares and 1 million nonvoting preferred shares. At December 31, 1996 and 1995, there were no preferred shares outstanding.

13. STOCK-BASED COMPENSATION PLANS

The Company has three plans which allow for the granting of stock options and other stock-based awards to officers, directors and certain key employees. The options are granted at no less than market value of the stock at the grant date. Generally, stock options have a ten-year term and vest within three years of grant. There were no stock appreciation rights granted or outstanding during the three year period ended December 31, 1996.

The Company has adopted the disclosure-only provisions of SFAS No. 123 "Accounting for Stock-Based Compensation" but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. If the Company had elected to recognize compensation cost for the plans based on the fair value at the grant dates for awards under those plans consistent with

the method prescribed by SFAS No. 123, net income (loss) and earnings (loss) per share would have been changed to the pro forma amounts indicated below:

MILLIONS OF DOLLARS			
EXCEPT PER SHARE AMOUNTS	Year Ended December 31	1996	1995
Net income (loss)	As reported	\$185.0	\$ (32.3)
	Pro forma	\$183.1	\$ (33.5)
Earnings (loss) per share	As reported	\$ 2.70	\$ (.49)
	Pro forma	\$ 2.66	\$ (.50)

The pro forma effect on net income for 1996 and 1995 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995.

The fair value of Cincinnati Bell Inc. stock options used to compute pro forma net income and earnings per share disclosures is the estimated present value at grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1996	1995
Expected dividend yield	3.5%	4.7%
Expected volatility	29.2%	22.9%
Risk-free interest rate	5.5%	7.5%
Expected holding period - years	4	4

39

Presented below is a summary of the status of the Cincinnati Bell Inc. stock options and the related transactions for the years ended December 31:

SHARES IN THOUSANDS	1996		1995		1994	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding - beginning of year	2,897		2,779		2,533	\$20.72
Granted	1,060	\$40.41	1,017	\$18.79	845	17.90
Exercised	(751)	18.91	(389)	18.62	-	-
Canceled	(218)	27.45	(510)	23.02	(599)	19.87
Outstanding - end of year	2,988	26.27	2,897	19.27	2,779	20.04
Options exercisable at year end	1,685		1,921		1,684	
Options available for future grant	4,081		4,306		4,382	
Weighted average fair value of options granted during year	\$9.20					

The following table summarizes the status of Cincinnati Bell Inc.'s stock options outstanding and exercisable at December 31, 1996:

SHARES IN THOUSANDS	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$12.00 to \$24.31	1,914	6.4	\$18.71	1,617	\$19.02
\$24.56 to \$48.13	781	8.8	33.45	56	35.38
\$48.38 to \$59.94	293	9.9	56.56	12	49.41
\$12.00 to \$59.94	2,988	7.4	26.27	1,685	19.78

Restricted stock awards during 1996, 1995 and 1994 were 50,000 shares, 229,000 shares and 72,000 shares, respectively. The weighted average market value of the shares on the grant date were \$40.41, \$25.03 and \$16.68, respectively. Restricted stock awards vest over time, generally one to five years.

14. LEASE COMMITMENTS

The Company leases certain facilities and equipment used in its operations. Total rental expenses amounted to approximately \$82.9 million, \$69.3 million and \$71.7 million in 1996, 1995 and 1994, respectively.

At December 31, 1996, the aggregate minimum rental commitments under noncancelable leases for the periods shown are as follows:

MILLIONS OF DOLLARS	Operating Leases	Capital Leases
1997	\$ 72.2	\$ 7.7
1998	61.2	7.2
1999	42.6	4.7
2000	31.2	4.6
2001	17.4	4.6
Thereafter	56.2	50.2
Total	\$280.8	79.0

Amount representing interest 44.3

Present value of net minimum lease payments \$34.7

Capital lease obligations incurred were approximately \$2.1 million, \$2.3 million and \$7.3 million in 1996, 1995 and 1994, respectively.

 15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

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

MILLIONS OF DOLLARS EXCEPT PER SHARE AMOUNTS	1st	2nd	3rd	4th	Total

1996					
REVENUES	\$362.1	\$376.0	\$403.2	\$432.4	\$1,573.7
OPERATING INCOME	\$ 72.6	\$ 74.5	\$ 74.9	\$ 84.5	\$ 306.5
NET INCOME	\$ 41.7	\$ 44.8	\$ 46.9	\$ 51.6	\$ 185.0
EARNINGS PER SHARE	\$ 0.62	\$ 0.65	\$ 0.68	\$ 0.75	\$ 2.70

1995					
Revenues	\$331.8	\$334.1	\$327.0	\$343.2	\$1,336.1
Operating Income (Loss)	\$(80.4)	\$ 56.3	\$ 57.1	\$ 13.7	\$ 46.7
Income (Loss) Before Extraordinary Charge	\$(59.5)	\$ 27.0	\$ 28.7	\$(21.5)	\$ (25.3)
Net Income (Loss)	\$(59.5)	\$ 27.0	\$ 28.7	\$(28.5)	\$ (32.3)
Earnings (Loss) Per Share	\$(0.90)	\$ 0.41	\$ 0.43	\$(0.43)	\$ (0.49)

In 1996, net income increased by \$3.5 million or \$.05 per share per quarter for the first three quarters and \$6.9 million or \$.10 per share in the fourth quarter for settlement gains resulting from lump sum pension distributions to employees under the 1995 business restructuring offer. In addition to the settlement gains, a reversal of restructuring liabilities in the fourth quarter increased net income \$1.5 million or \$.02 per share. Also in the fourth quarter, expensing of acquired research and development decreased net income by \$1.8 million or \$.02 per share.

Net income for the third quarter 1996 increased by \$1.6 million or \$.02 per share primarily as a result of a reversal of accrued interest expense related to overearnings liabilities. The increase was partially offset by a decrease in net income of \$1.3 million or \$.02 per share from the expensing of acquired in-process research and development.

Net income for the fourth quarter 1995 was reduced by \$61 million or \$.92 per share primarily as a result of several special items during the quarter. These items include the expensing of acquired research and development, a goodwill impairment loss, charges for the termination of an interest rate and currency swap agreement, the reduction to market value of certain real estate held for sale and an extraordinary charge for early

extinguishment of debt.

Net income for the first quarter of 1995 was reduced by \$84.1 million or \$1.27 per share for special charges as a result of a business restructuring at CBT and CBI and \$1.5 million or \$.02 per share for the expensing of acquired in-process research and development.

16. ADDITIONAL FINANCIAL INFORMATION

Income Statement

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994

Taxes other than income taxes:				
Property		\$33.3	\$36.9	\$39.1
Gross receipts		17.8	21.0	19.4
Payroll-related		42.2	35.0	33.6
Other		1.7	.8	.7
		-----	-----	-----
Total		\$95.0	\$93.7	\$92.8
		-----	-----	-----
		-----	-----	-----
Interest expense:				
Long-term debt		\$29.1	\$47.0	\$46.2
Short-term debt		6.3	4.1	2.9
Other		(1.5)	1.7	.4
		-----	-----	-----
Total		\$33.9	\$52.8	\$49.5
		-----	-----	-----
		-----	-----	-----

Balance Sheet

MILLIONS OF DOLLARS	at December 31	1996	1995

Property, Plant and Equipment, net:			
Telephone plant		\$1,571.7	\$1,503.4
Accumulated depreciation		(716.5)	(634.9)
		-----	-----
Net telephone plant		855.2	868.5
Other property and equipment		321.1	282.5
Accumulated depreciation		(190.5)	(157.1)
		-----	-----
Total		\$ 985.8	\$ 993.9
		-----	-----
		-----	-----

Payable and other current liabilities:

Accounts payable and accrued liabilities	\$ 176.2	\$ 201.2
Accrued taxes	37.9	48.0
Advance billing and customers' deposits	39.8	40.5
Other current liabilities	34.2	37.5
	-----	-----
Total	\$ 288.1	\$ 327.2
	-----	-----
	-----	-----

Statement of Cash Flows

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995
		-----	-----
		-----	-----
Cash paid for:			
Interest (net of amount capitalized)		\$37.3	\$46.8
Income taxes		\$87.9	\$61.6

41

17. CINCINNATI BELL TELEPHONE COMPANY

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

Income Statement

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994
		-----	-----	-----
		-----	-----	-----
Revenues		\$650.8	\$624.4	\$599.7
Costs and expenses		\$495.1	\$630.4	\$500.2
Net income (loss)		\$ 92.6	\$ (11.3)	\$ 54.8

Balance Sheet

MILLION OF DOLLARS	at December 31	1996	1995
		-----	-----
		-----	-----
Current assets		\$ 135.6	\$ 197.1
Telephone plant-net		855.2	880.5
Other noncurrent assets		14.7	17.5

Total assets	\$1,005.5	\$1,095.1
Current liabilities	\$ 154.3	\$ 219.3
Noncurrent liabilities	179.1	204.3
Long-term debt	221.5	233.9
Shareowner's equity	450.6	437.6
Total liabilities and shareowner's equity	\$1,005.5	\$1,095.1

Results for 1996 include \$28.5 million of settlement gains resulting from lump sum pension distributions to retiring employees and the reversal of restructuring liabilities for the 1995 business restructuring. These items increased net income by \$18.2 million. In addition, a reversal of \$2.5 million of accrued interest expense related to overearnings liabilities increased net income by \$1.6 million.

Results for 1995 include \$121.7 million of special charges for restructuring operations which reduced net income by \$77.5 million.

Results for 1994 include \$3.6 million of special charges related to a voluntary separation incentive program for certain senior managers. These charges reduced net income by \$2.3 million. Also in 1994, net income was reduced \$2.4 million for a change in accounting for employee postemployment benefits (SFAS 112).

18. BUSINESS SEGMENT INFORMATION

The Company's segment information is as follows:

MILLIONS OF DOLLARS	Year Ended December 31	1996	1995	1994
Revenues				
Telephone Operations	\$	650.8	\$ 624.4	\$ 599.7
Information Systems		479.8	373.9	343.8
Teleservices		367.1	271.1	226.1
Other		154.5	133.9	127.2
Corporate		.4	2.7	2.4
Intersegment		(78.9)	(69.9)	(71.0)
Total		\$1,573.7	\$1,336.1	\$1,228.2
Intersegment Revenues				
Telephone Operations	\$	23.5	\$ 23.0	\$ 23.6
Information Systems		45.3	39.4	40.5
Teleservices		4.2	2.5	2.1
Other		5.6	2.3	2.4
Corporate		.3	2.7	2.4
Total		\$ 78.9	\$ 69.9	\$ 71.0

OPERATING INCOME (LOSS) AS REPORTED

Telephone Operations	\$ 155.7	\$ (6.0)	\$ 99.5
Information Systems	75.5	38.5	27.1
Teleservices	43.7	(7.3)	22.6
Other	32.0	29.6	20.2
Corporate and Eliminations	(.4)	(8.1)	(4.0)
	-----	-----	-----
Total	\$ 306.5	\$ 46.7	\$ 165.4
	-----	-----	-----

OPERATING INCOME (LOSS)

EXCLUDING SPECIAL ITEMS

Telephone Operations	\$ 127.2	\$ 115.7	\$ 103.1
Information Systems	78.5	46.0	27.1
Teleservices	45.7	32.3	22.6
Other	32.0	29.6	20.2
Corporate and Eliminations	(1.6)	1.8	(1.9)
	-----	-----	-----
Total	\$ 281.8	\$ 225.4	\$ 171.1
	-----	-----	-----

Assets

Telephone Operations	\$1,005.5	\$1,095.1	\$1,113.3
Information Systems	270.2	268.2	246.4
Teleservices	299.5	235.6	262.7
Other	51.3	38.5	39.5
Corporate and Eliminations	44.4	(45.7)	61.5
	-----	-----	-----
Total	\$1,670.9	\$1,591.7	\$1,723.4
	-----	-----	-----

Capital Additions (including acquisitions)

Telephone Operations	\$ 101.4	\$ 90.3	\$ 112.8
Information Systems	43.5	47.0	20.2
Teleservices	70.9	27.0	11.7
Other and Corporate	5.0	2.5	11.5
	-----	-----	-----
Total	\$ 220.8	\$ 166.8	\$ 156.2
	-----	-----	-----

Depreciation and Amortization

Telephone Operations	\$ 116.6	\$ 113.0	\$ 110.6
Information Systems	32.2	30.3	26.4
Teleservices	19.6	15.6	13.6
Other and Corporate	4.4	3.3	3.5
	-----	-----	-----
Total	\$ 172.8	\$ 162.2	\$ 154.1
	-----	-----	-----

Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense. Assets are those assets used in the operations of the segment.

acquisitions in 1996 and 1995, respectively.

Revenues from foreign sources and assets denominated in foreign currencies at December 31, 1996, were 6% and 5%, respectively, of consolidated totals.

19. MAJOR CUSTOMER

Each of the Company's major subsidiaries derives significant revenues from AT&T and its affiliates (AT&T) by providing network services, customer-care and billing systems, and teleservices. Revenues from AT&T, including network access revenues, were 25%, 26% and 23% of the Company's consolidated revenues for 1996, 1995 and 1994, respectively.

In February 1997, CBT and AT&T announced that they intend to extend their strategic relationship for the marketing and provisioning of telecommunications services in the Cincinnati area. The companies have agreed in principle and jointly executed a memorandum of understanding to continue to work together toward a multi-year agreement on the basis of mutual benefit. Significant work remains to turn the understanding into a contract satisfactory to CBT. This agreement does not involve AT&T's relationship with the Company's other subsidiaries.

20. CONTINGENCIES

The Company, which has a 45% interest in a cellular partnership, has been seeking to dissolve the partnership because of recent changes in the structure of the telecommunications industry, including the enactment of the Telecommunications Act of 1996. These changes have positioned the partnership in direct competition with its two major partners, including the Company, creating irreconcilable conflict of interest among them.

In February 1997, the Delaware Supreme Court affirmed a lower court ruling which denied the Company's motion to dissolve the partnership. The Company's share of partnership income was \$11.6 million in 1996 and its investment at December 31, 1996, was \$54.4 million. The future earnings of the partnership and the ability of the Company to realize the market value of its investment are uncertain.

In November 1996, the cellular partnership sued the Company seeking a declaratory judgment that the Company be denied the opportunity to provide PCS services and be required to withdraw from the partnership. After the Company was the successful bidder for a PCS license, the partnership's general partner wrote a letter to the Company contending that event constituted a withdrawal of the Company from the partnership. The Company believes that none of its actions conflict with its partnership interest and that it continues to be a limited partner in good standing in the partnership. The matter is before the Delaware Chancery Court.

The Company is from time to time subject to routine complaints incidental to the business. The Company believes that the results of any complaints and proceedings will not have a materially adverse effect on the Company's financial condition.

(21)

Exhibit 21
to
Form 10-K for 1996

Subsidiaries of the Registrant
(as of March 27, 1997)

Subsidiary -----	State of Incorporation -----
Cincinnati Bell Telephone Company	Ohio
Cincinnati Bell Telecommunications Systems Inc.	Ohio
Cincinnati Bell Information Systems Inc.	Ohio
Cincinnati Bell Long Distance Inc.	Ohio
Cincinnati Bell Supply Company	Ohio
MATRIX Marketing Inc.	Ohio
Cincinnati Bell Directory Inc.	Ohio
Cincinnati Bell Cellular Systems Company	Ohio
Cincinnati Bell Finance Inc.	Delaware

(Exhibit 23)

(23)

EXHIBIT 23
TO
FORM 10-K FOR 1996

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Cincinnati Bell Inc. on Form S-8 (File No. 33-39385), Form S-8 (File No. 33-29332), Form S-8 (File No. 33-60209), Form S-8 (File No. 33-1462), Form S-8 (File No. 33-1487), Form S-8 (File No. 33-15467), Form S-8 (File No. 33-23159), Form S-8 (File No. 33-29331), Form S-8 (File No. 33-36381), Form S-8 (File No. 33-36380), Form S-8 (File No. 33-39654), Form S-8 (File No. 33-43775), and Form S-14 (File No. 2-82253) of our report dated February 14, 1997 on our audits of the consolidated financial statements and financial statement schedules of Cincinnati Bell Inc. as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which report is incorporated by reference in this Annual Report on Form 10-K.

/s/Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

Cincinnati, Ohio
March 27, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ John T. LaMacchia

John T. LaMacchia
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me John T. LaMacchia, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ John F. Barrett

John F. Barrett
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me John F. Barrett, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ James W. Carpenter

Notary Public

JAMES W. CARPENTER
NOTARY PUBLIC, STATE OF OHIO
LIFETIME COMMISSION

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Phillip R. Cox

Phillip R. Cox
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me Phillip R. Cox, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and

authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ William A. Friedlander

William A. Friedlander
Director

STATE OF KENTUCKY)
)SS:
STATE AT LARGE)

On the 17th day of March, 1997, personally appeared before me William A. Friedlander, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ C. Bell

Notary Public

CHARLENE J. BELL
Notary Public, Kentucky State at Large
My Commission Expires Feb. 7, 2000

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Roger L. Howe

Roger L. Howe
Director

STATE OF OHIO)
)SS:
COUNTY OF CLERMONT)

On the 17th day of March, 1997, personally appeared before me Roger L. Howe, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Florence M. Isaac

Notary Public

FLORENCE M. ISAAC
Notary Public, State of Ohio
My Commission Expires Nov. 1, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Robert P. Hummel

Robert P. Hummel
Director

STATE OF OHIO)

)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me Robert P. Hummel, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

 /s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

 /s/ James D. Kiggen

James D. Kiggen
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me James D. Kiggen, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Charles S. Mechem, Jr.

Charles S. Mechem, Jr.
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me Charles S. Mechem, Jr., to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Mary D. Nelson

Mary D. Nelson
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me Mary D. Nelson, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ James F. Orr

James F. Orr
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me James F. Orr, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John

T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 17th day of March, 1997.

/s/ Brian H. Rowe

Brian H. Rowe
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me Brian H. Rowe, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, CINCINNATI BELL INC., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the Rules and Regulations thereunder, an annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby constitutes and appoints John T. LaMacchia, Brian C. Henry, William H. Zimmer III and William D. Baskett III, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do

or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this
17th day of March, 1997.

/s/ David B. Sharrock

David B. Sharrock
Director

STATE OF OHIO)
)SS:
COUNTY OF HAMILTON)

On the 17th day of March, 1997, personally appeared before me David B. Sharrock, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 17th day of March, 1997.

/s/ Mary Janet Edwards

Notary Public

MARY JANET EDWARDS
Notary Public, State of Ohio
My Commission Expires Feb. 11, 2002

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>	DEC-31-1996	
<PERIOD-START>	JAN-01-1996	
<PERIOD-END>	DEC-31-1996	
<CASH>		2000
<SECURITIES>		0
<RECEIVABLES>		326700
<ALLOWANCES>		11700
<INVENTORY>		17300
<CURRENT-ASSETS>		390600
<PP&E>		1892800
<DEPRECIATION>		907000
<TOTAL-ASSETS>		1670900
<CURRENT-LIABILITIES>		512300
<BONDS>		279500
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		67600
<OTHER-SE>		566800
<TOTAL-LIABILITY-AND-EQUITY>		1670900
<SALES>		0
<TOTAL-REVENUES>		1573700
<CGS>		0
<TOTAL-COSTS>		1267200
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		9000
<INTEREST-EXPENSE>		33900
<INCOME-PRETAX>		284700
<INCOME-TAX>		99700
<INCOME-CONTINUING>		185000
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		185000
<EPS-PRIMARY>		2.70
<EPS-DILUTED>		2.68