Cincinnati Bell

Cincinnati Bell

UBS 39th Annual Global Media and Communications Conference

December 5, 2011

Safe Harbor

This presentation and the documents incorporated by reference herein contain forward-looking statements regarding future events and our future results that are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned these forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this release and those discussed in other documents we file with the Securities and Exchange Commission (SEC). More information on potential risks and uncertainties is available in our recent filings with the SEC, including Cincinnati Bell's Form 10-K report, Form 10-Q reports and Form 8-K reports. Actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

Non GAAP Financial Measures

This presentation contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), Adjusted EBITDA margin, free cash flow and net debt. These are non-GAAP financial measures used by Cincinnati Bell management when evaluating results of operations and cash flow. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations and cash flows with past and future periods. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. Detailed reconciliations of Adjusted EBITDA, free cash flow (including the Company's definition of these terms), and net debt to comparable GAAP financial measures can be found in the appendix of this presentation.

Company & Strategy Overview

Cincinnati Bell Overview

Cincinnati Bell

135 year old full-service provider of data and voice communications services over wireline and wireless networks in the Greater Cincinnati and Dayton areas

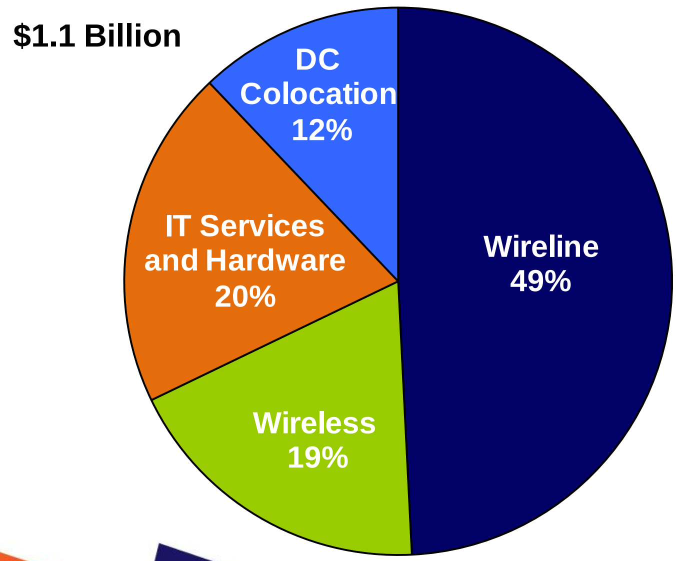
Provides business customers with outsourced data center colocation operations in world class, state-of-the-art data center facilities

Strong brand recognition and reputation for service

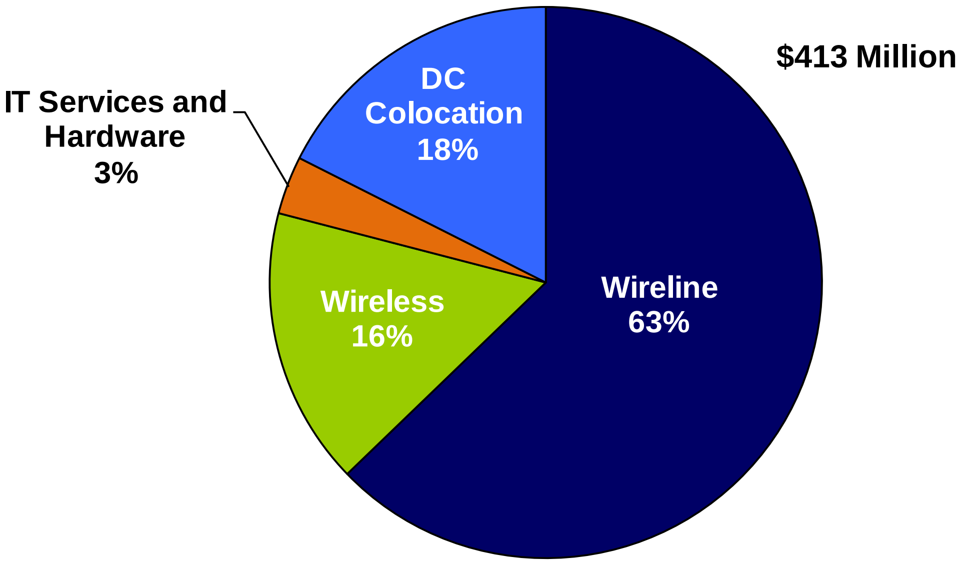
Proven capabilities with track record of delivering results

Well positioned for growth in the Data Center industry

Revenue - YTD Q3 2011



Adjusted EBITDA - YTD Q3 2011



Note: Excludes intercompany and corporate expenses

Cincinnati Bell Communications

As of September 30, 2011:

Wireline: 635K access lines

Wireless: 472K wireless subscribers

Broadband: 259K high-speed internet subscribers

Entertainment: 38K Fioptics subscribers

Regional market leader offering full bundle of integrated telecommunications services

Successfully defending market share in the face of intense competition

Now offering digital television and faster internet through a rapidly expanding fiber network

Cincinnati Bell[SM]

Cincinnati Bell Data Center Colocation

Locations: Cincinnati, Houston, Dallas, Austin, Chicago, South Bend, London and Singapore

As of September, 2011, total square footage was 736K square feet and utilization was 86%

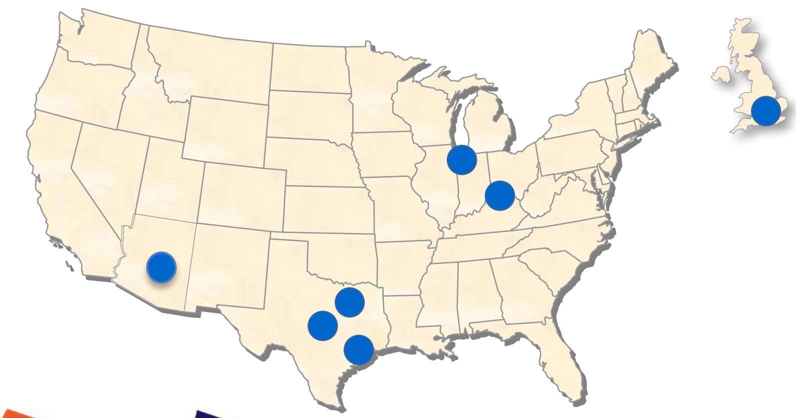
Added 67K square feet of DC space in Q3 2011

Plans in progress to construct a state-of-the-art data center facility in Phoenix, Arizona

Five years of organic data center growth enhanced by CyrusOne acquisition in June 2010

Premier regional facilities with growing domestic and international presence

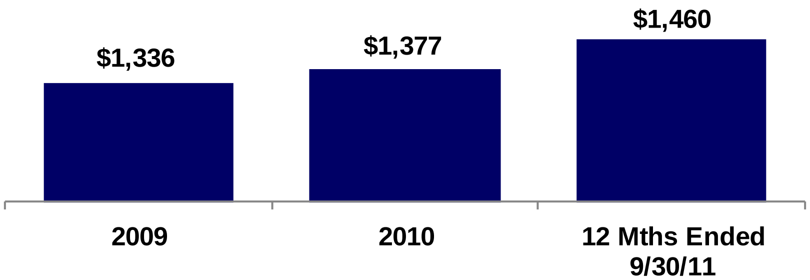
Path forward to become preferred global provider of data center colocation to Fortune 1000



Proven Performance Track Record

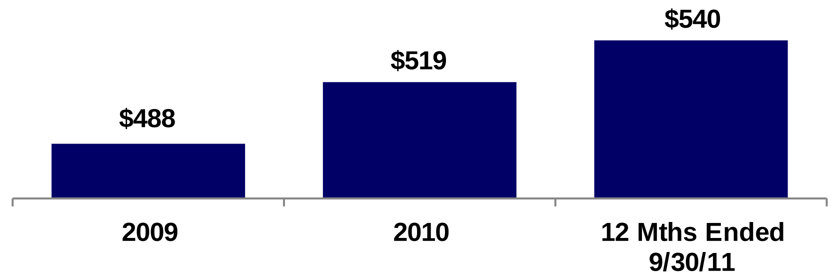
Revenue

($MM)



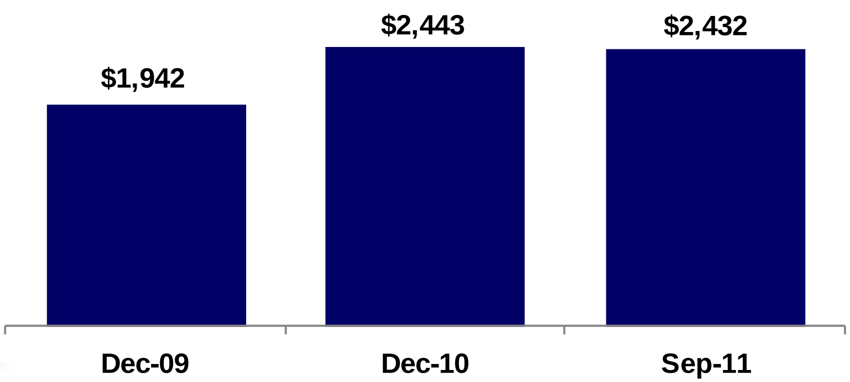
Adjusted EBITDA

($MM)



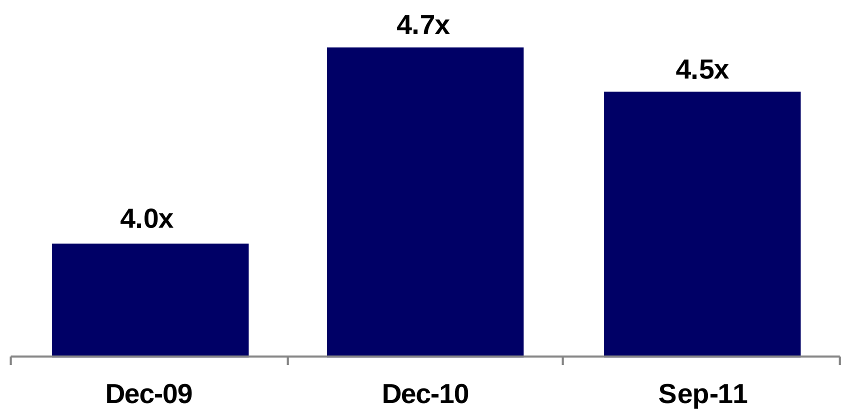
Net Debt

($MM)



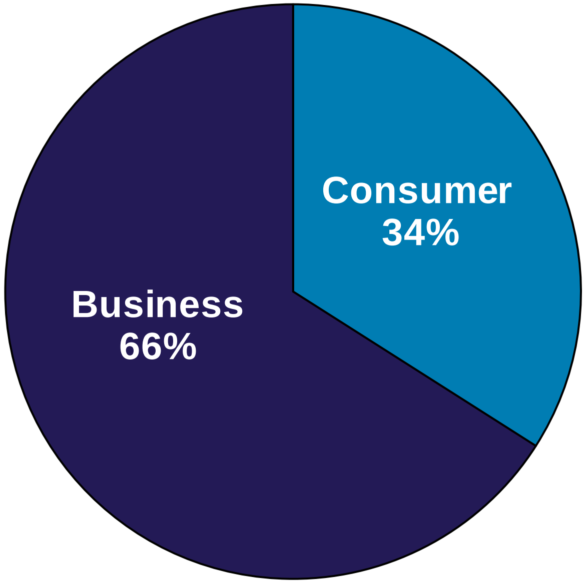
Net Debt / Adjusted EBITDA

(x)

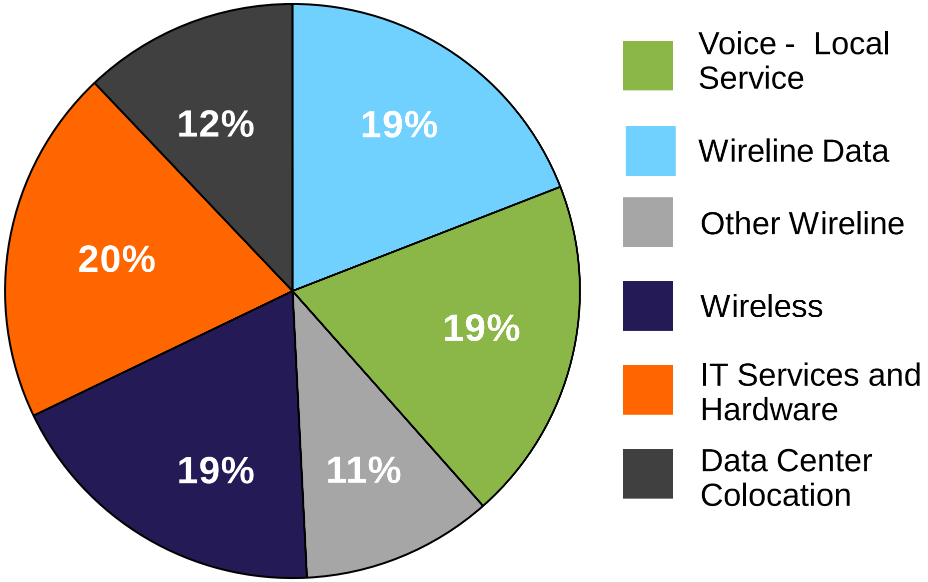


Revenue Diversification Strategy

Q3 YTD 2011 Customer Channel Mix*



Q3 YTD 2011 Product Mix By Revenues*



* Before intercompany eliminations

Cincinnati Bell℠

Clear Strategic Focus

Create Sustainable Shareholder Value	
Generate Strong Operating Cash Flows	Grow Data Center Colocation
Maintain profitability and cash flow of Communications through defending core business and aggressive cost reduction initiatives	Invest to establish national then global footprint to become preferred global provider to Fortune 1000 customers

Q3 2011 Financial Performance

2011 3rd Quarter Highlights –

Continued the momentum from first half of the year

Net Revenue of $369 million is $17 million, or 5%, higher than Q3 2010

Operating Income of $86 million is up 4% year over year and 11% over the prior quarter

Adjusted EBITDA continues to be strong at $133 million

Continued Investment in Data Center Colocation resulting in year over year revenue growth of 18%

Wireline Adjusted EBITDA margin continues to hold steady despite continued access line losses

- Highest quarterly revenue since 2003
- Operating income in the quarter is the second highest since 2008
- Pre-tax gain of $8 million realized from the sale of home security business
- Total of 115,000 units now passed with Fioptics
- Growth from the Fioptics suite of products continues to mitigate the revenue impact of access line losses

Cincinnati Bell[SM]

2011 3rd Quarter Segment Highlights

Data Center Colocation

- Revenue of $47 million is 18% higher than Q3 2010
- Adjusted EBITDA of $25 million, up 9% from Q3 2010
- 67K sq ft of new space added during the quarter; Utilization rate of 86% at Q3 2011

Wireline

- Continues to deliver solid results, with revenue down just 1% year over year and maintaining high Adjusted EBITDA margin of 48%
- Passed 25,000 units with Fioptics during Q3 2011
- Pre-tax gain of $8 million from sale of home security business

Wireless

- Adjusted EBITDA of $20 million and Adjusted EBITDA margin of 29%
- Postpaid ARPU stable at $50.36 as higher data ARPU fully offsets lower voice ARPU
- Added 5,000 net postpaid smartphone subscribers during the quarter

IT Services & Hardware

- Revenue of $79 million represents second consecutive quarter of growth in revenues this year
- Adjusted EBITDA of $6 million, up $2 million or 68% from prior year
- Adjusted EBITDA margins improved to 8% from 6% in Q3 2010

Q3 2011 Free Cash Flow

($'s in millions)

FCF of $5M decreased $28M year over year

- Higher capital expenditures due to acceleration of data center expansion plans, expected to continue in Q4 2011
- Lower interest payments due to timing of cash payments following the refinancing of a Term Loan in Q4 2010
- FCF excludes proceeds from sale of home security business

2011 Guidance Reaffirmed

Category	2011 Guidance
Revenue	$ 1.4 billion
Adjusted EBITDA*	Approx. $545 million
Free Cash Flow	Approx. $5 million

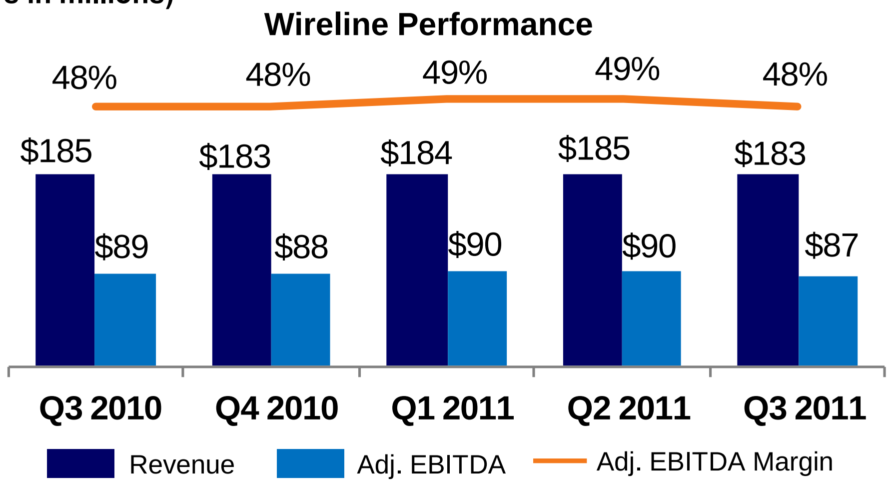
* Plus or minus 2 percent; reflects 2011 definition of Adjusted EBITDA

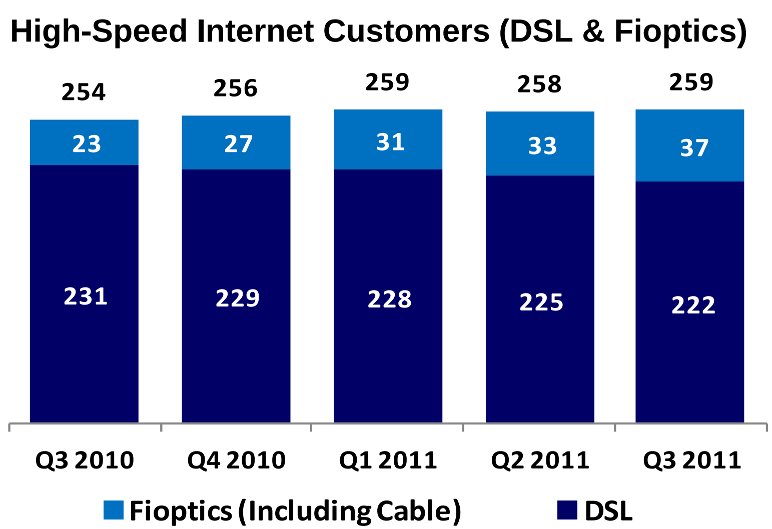
Q3 2011 Segment Performance

Wireline Overview

Cincinnati Bell[SM]

($'s in millions)





Stable levels of Revenue and Adjusted EBITDA margin

- Growth in Entertainment, Data, and VoIP products mostly offset lower voice revenue
- Adjusted EBITDA margin holding steady compared to prior quarters at 48%

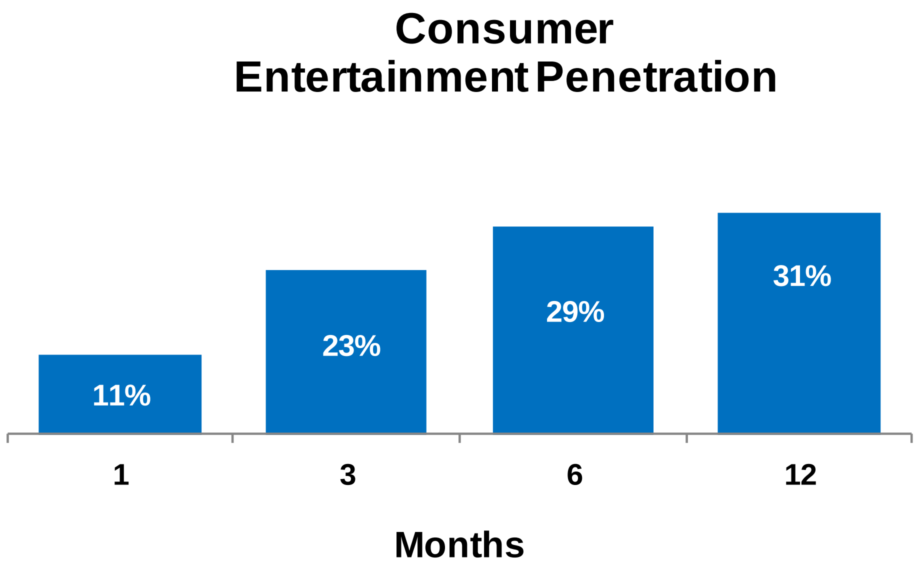
7.5% total access line loss

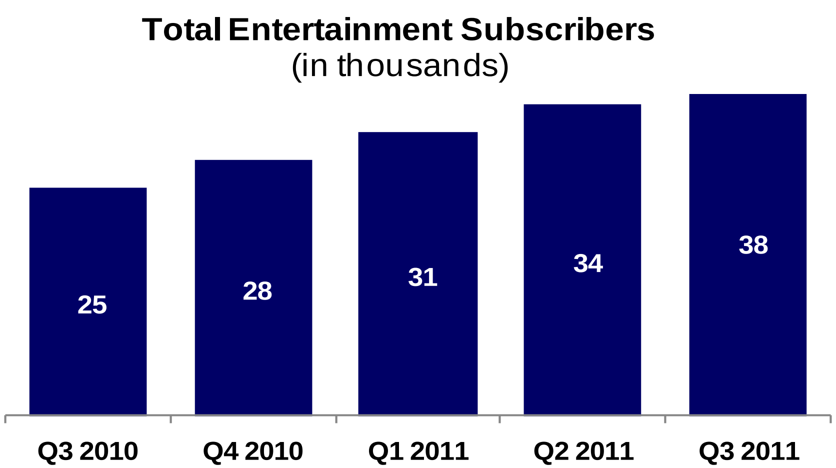
- 7.8% ILEC access line loss, comparable to Q3 2010

259K high-speed internet subscribers at Q3 2011

- Fioptics internet subscribers have grown by approx. 60% from Q3 2010
- Q3 churn of 2.2% is consistent with 2010

Fioptics Activity





Q3 2011 Fioptics subscribers

- 115K units passed; added 25K in Q3
- 38K entertainment subs; added 4K in Q3
- 37K internet subs; added 4K in Q3
- 28K voice subs: added 2K in Q3

Churn of 2.8% for the 2011 year-to-date period

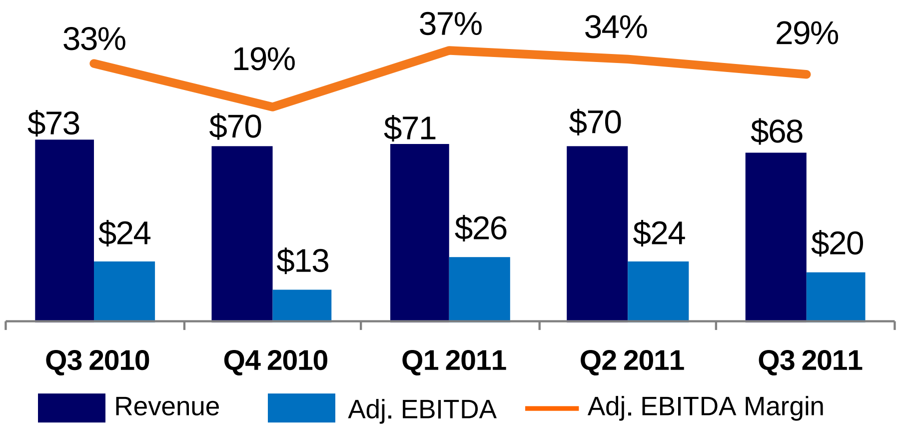
- Despite high concentration in multiple dwelling units (MDUs)

Fioptics consumer monthly ARPU increased to $122 from $114 in Q3 2010

Wireless Overview

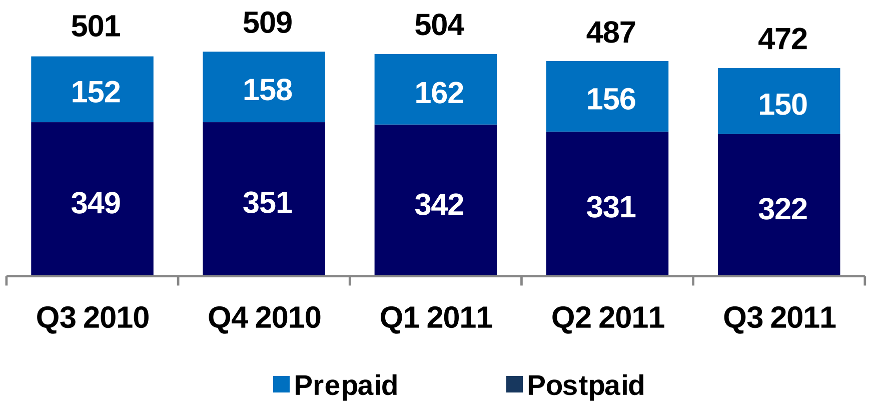
($MM)

Wireless Performance



Wireless Customers

(In thousands)



Postpaid churn improved to 2.1% from 2.3% in Q3 2010 and 2.2% in Q2 2011

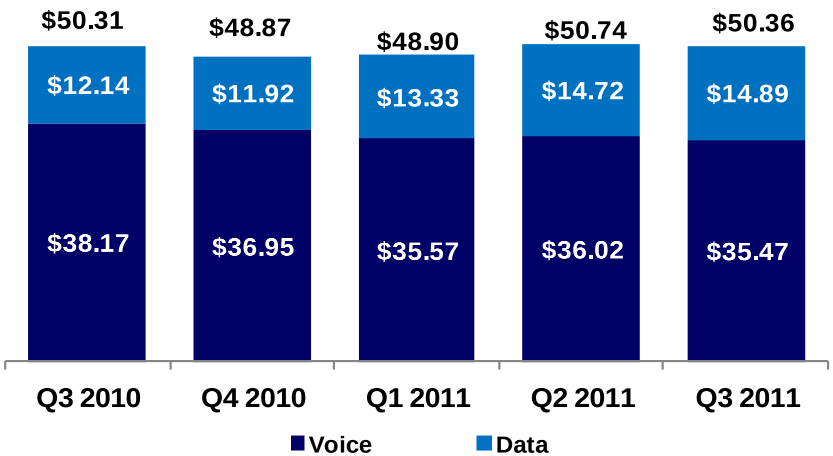
Competition continues to put pressure on Wireless revenues

- Service revenue fell by $5 million, or 7%, from Q3 2010 due largely to 8% decline in postpaid subscribers

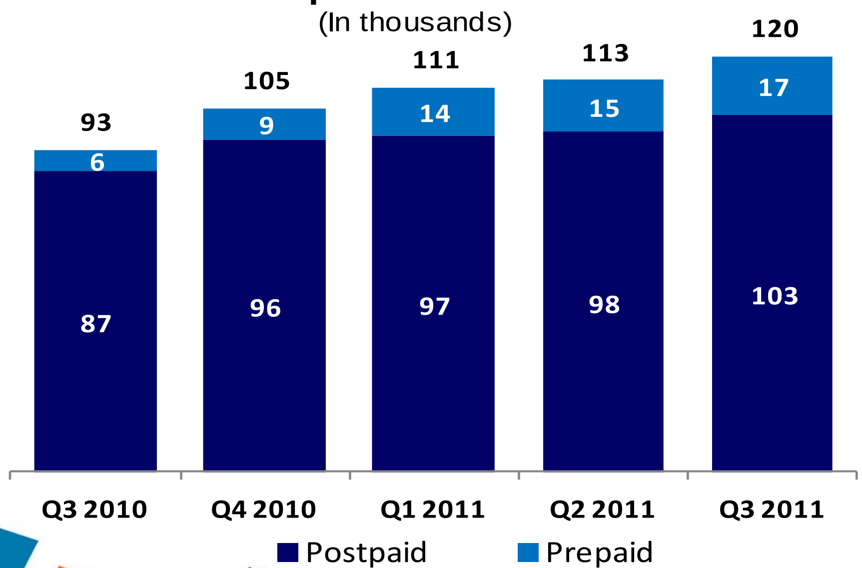
Adjusted EBITDA Margin at 29%

Postpaid ARPU and Smartphone Customers

Postpaid ARPU



Smartphone Customers
(In thousands)



Postpaid ARPU continues to hold steady

- Postpaid ARPU in Q3 2011 is comparable to both Q3 2010 and Q2 2011
- Year over year increase in Data ARPU of \$2.75, or 23%, offsets the 7% decline in voice ARPU

Continued smartphone plan growth

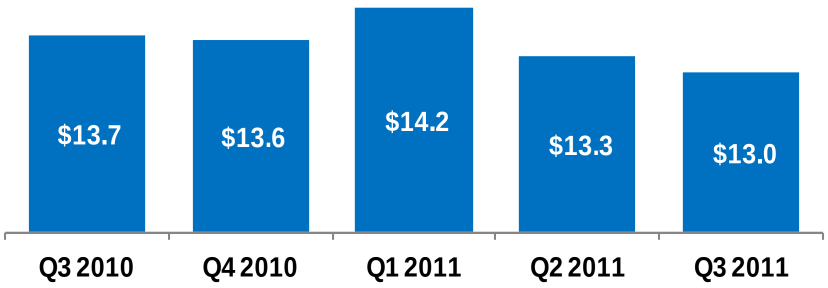
- Year-over-year growth of 29% in smartphone subscriber base
- Postpaid smartphone subscribers now represent 32% of total postpaid subscribers vs. 25% in Q3 2010
- 17K prepaid smartphone subscribers at Q3 2011, an increase of over 180% from Q3 2010

Wireless continues to add to its growing line-up of 4G handsets

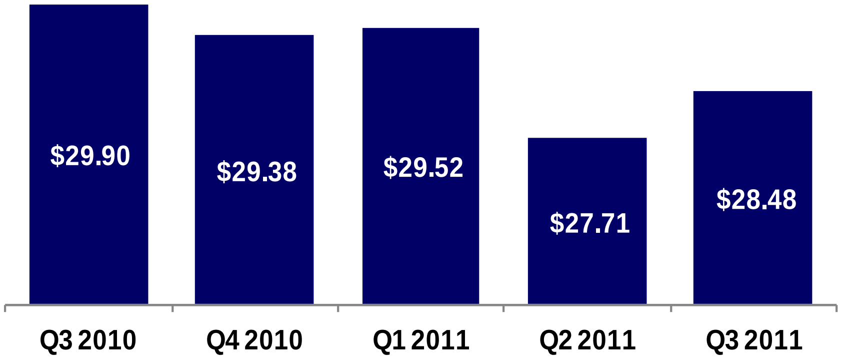
- Recently launched six 4G smartphones, including the HTC Sensation™

Prepaid Wireless

Prepaid Service Revenue
($'s in millions)



Prepaid ARPU



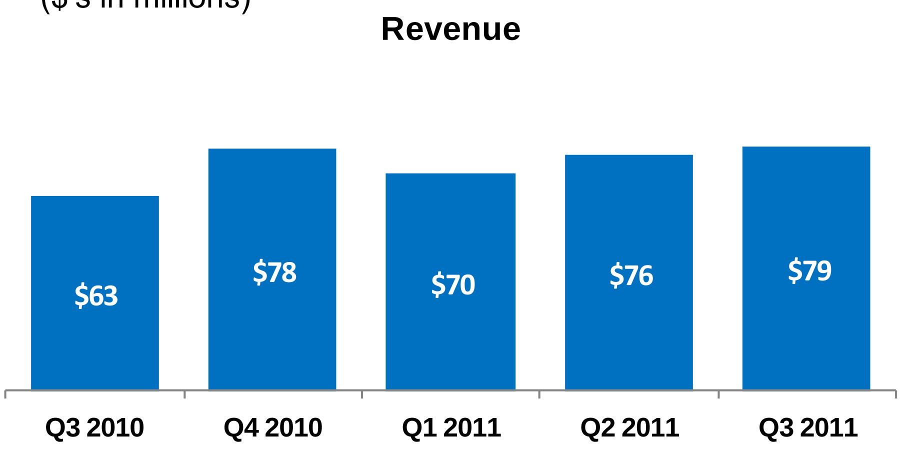
Prepaid subscribers decreased by 2% from Q3 2010

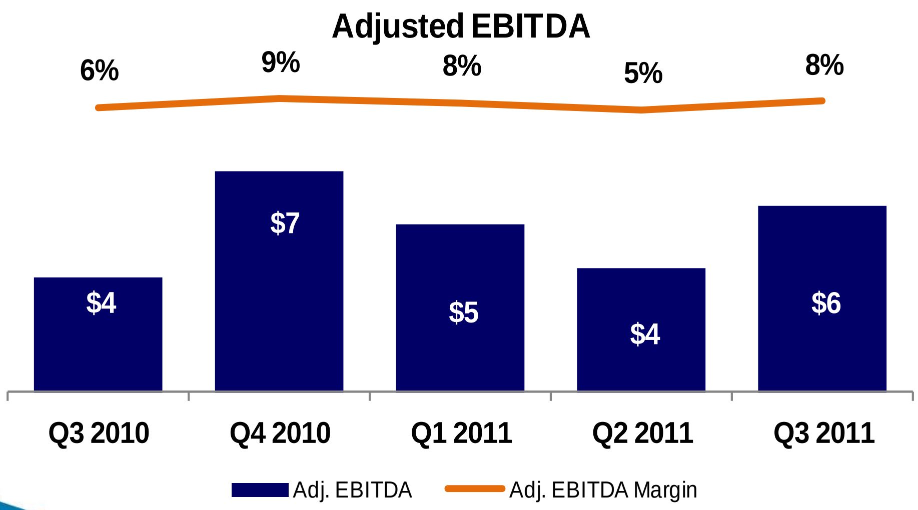
Prepaid ARPU improved 3% from the prior quarter but declined 5% from Q3 2010

- Competitive pressure continues to impact prepaid ARPU
- Customers are migrating to lower priced plans
- 10% year over year increase in prepaid Data ARPU partially offsets the decline in prepaid voice ARPU

IT Services and Hardware

($'s in millions)





Revenue increased 26% over prior year

- Year over year increase of $12 million, or 29%, in Telecom & IT Equipment
- Year over year increase of $4 million, or 20%, in Managed and Professional Services

Adjusted EBITDA increased by $2 million, or 68%, year over year

Cincinnati Bell[SM]

Data Center Strategy

Cincinnati Bell℠

Evolution of Data Center Landscape

Data Centers are purchased as a service

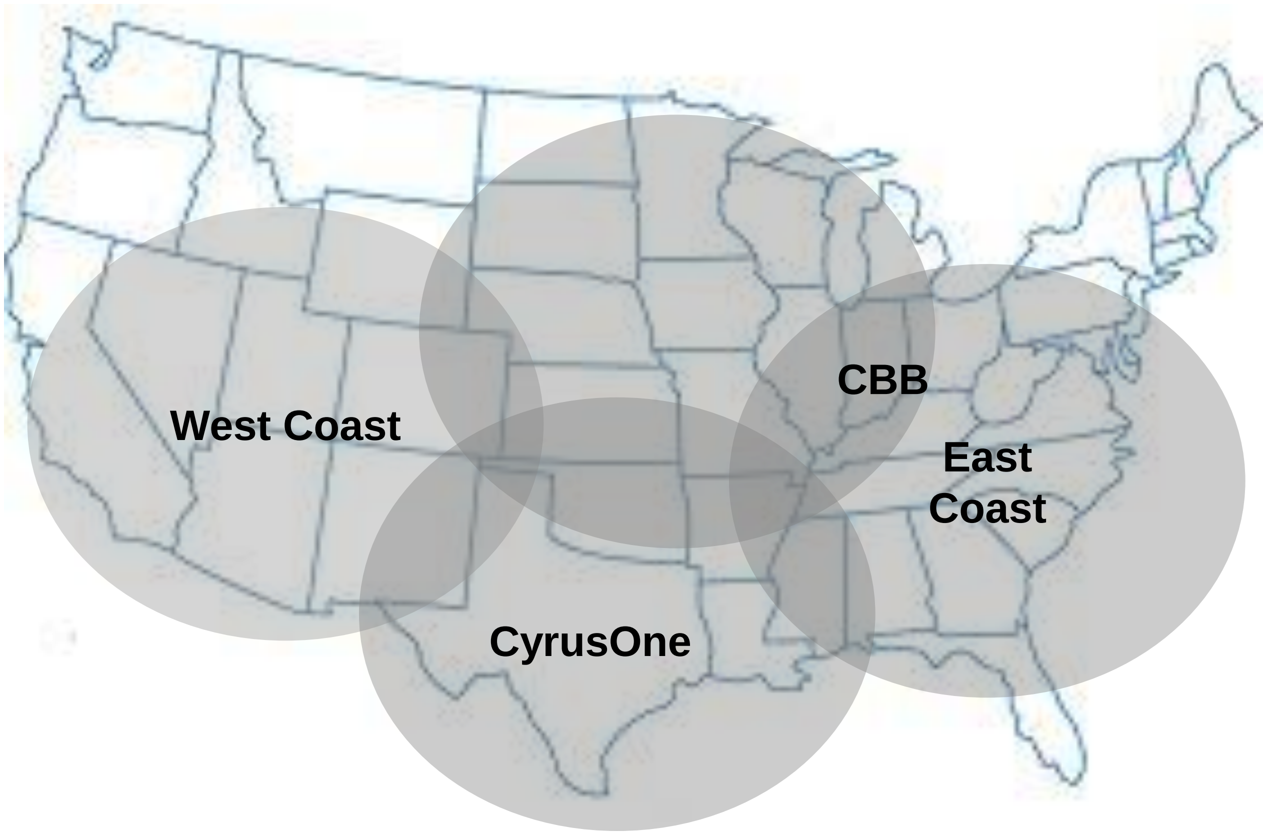
Demand for data centers

Demand for “digital energy” is growing exponentially

CIO’s need to re-engineer the information grid

Enterprise demand for information is accelerating

Re-Engineering the Information Grid – Accessibility, Speed, Timeliness



Product offering must meet **quality standards and geography** that customers require

Four locations around the country will put CBB within 10 milliseconds or less of **over 90% of the population of the US**

These locations will also be sufficient to cover over 90% of the applications run by Fortune 500 companies

In addition, CBB has opened data centers in Europe and Asia and is looking to expand in those markets

Facing Challenges with Solutions

Challenge

Enterprise class customers are beginning to embark on an **outsourcing wave** driven by a rationalization of their existing data centers

Enterprise class companies want to **simplify their supply chains**

Enterprise class customers want suppliers to **innovate and make their lives easier**

Solution

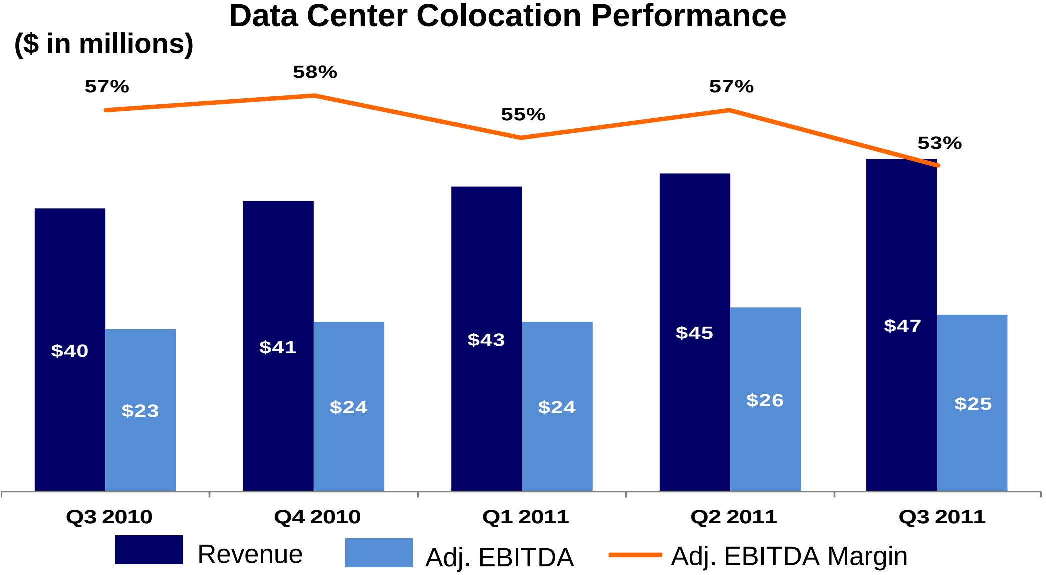
Create **best-in-class data centers globally** that will offer our data centers as an infrastructure or service

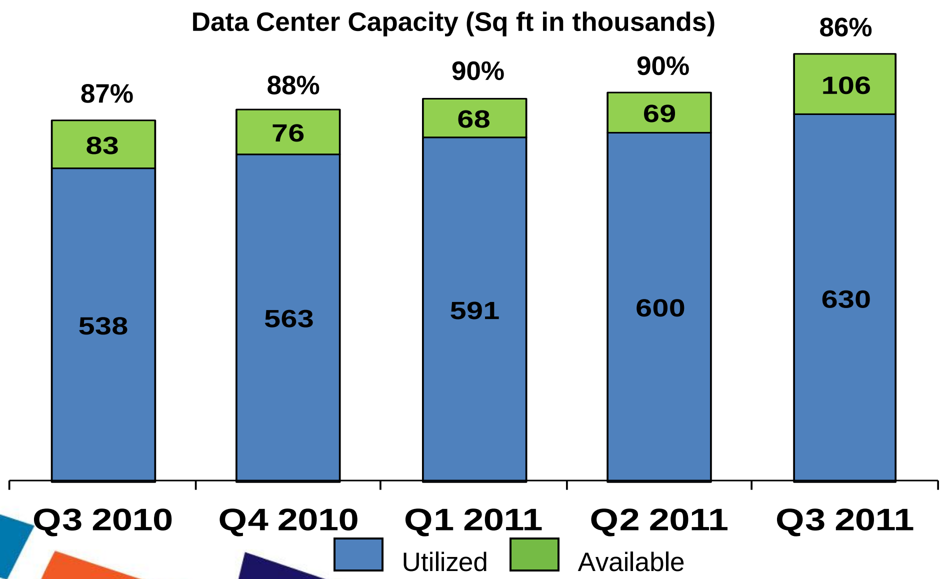
Establish global presence with **common processes and procedures**

Establish **enhanced reporting and other features** that Fortune 1000 customers want

Data Center Colocation

Revenue and Adjusted EBITDA





Revenue of $47 million in the quarter increased 18% year over year

Adjusted EBITDA of $25 million reflects a year over year increase of 9%

Adjusted EBITDA margin of 53%

- Lower margin due largely to higher costs associated with business expansion plans

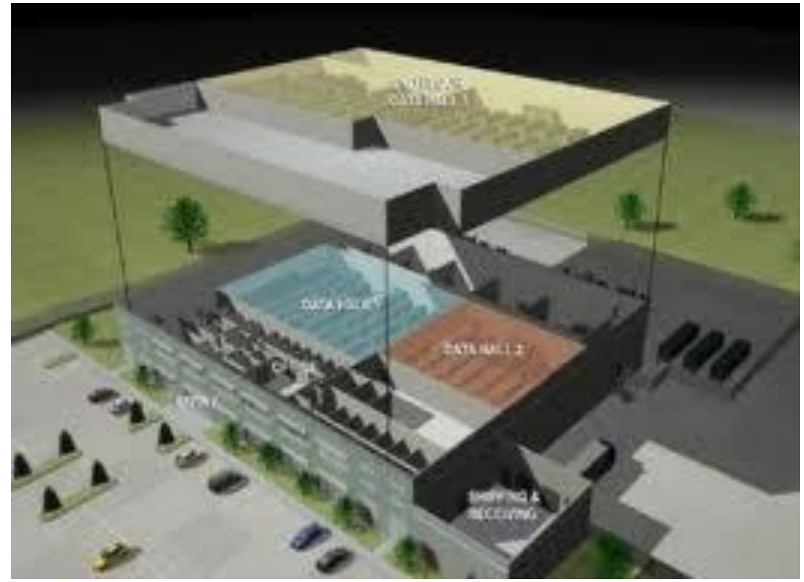
Completed construction on 67k square feet of space in the quarter

- Available capacity increased by 10% from the prior quarter to 736k sq ft
- Sold 30k sq ft of space during the quarter
- Quarter-end utilization at 86%
- London facility came online in Q3

Cincinnati Bell℠

Data Center Colocation

Customers and Markets



Blue chip customer base

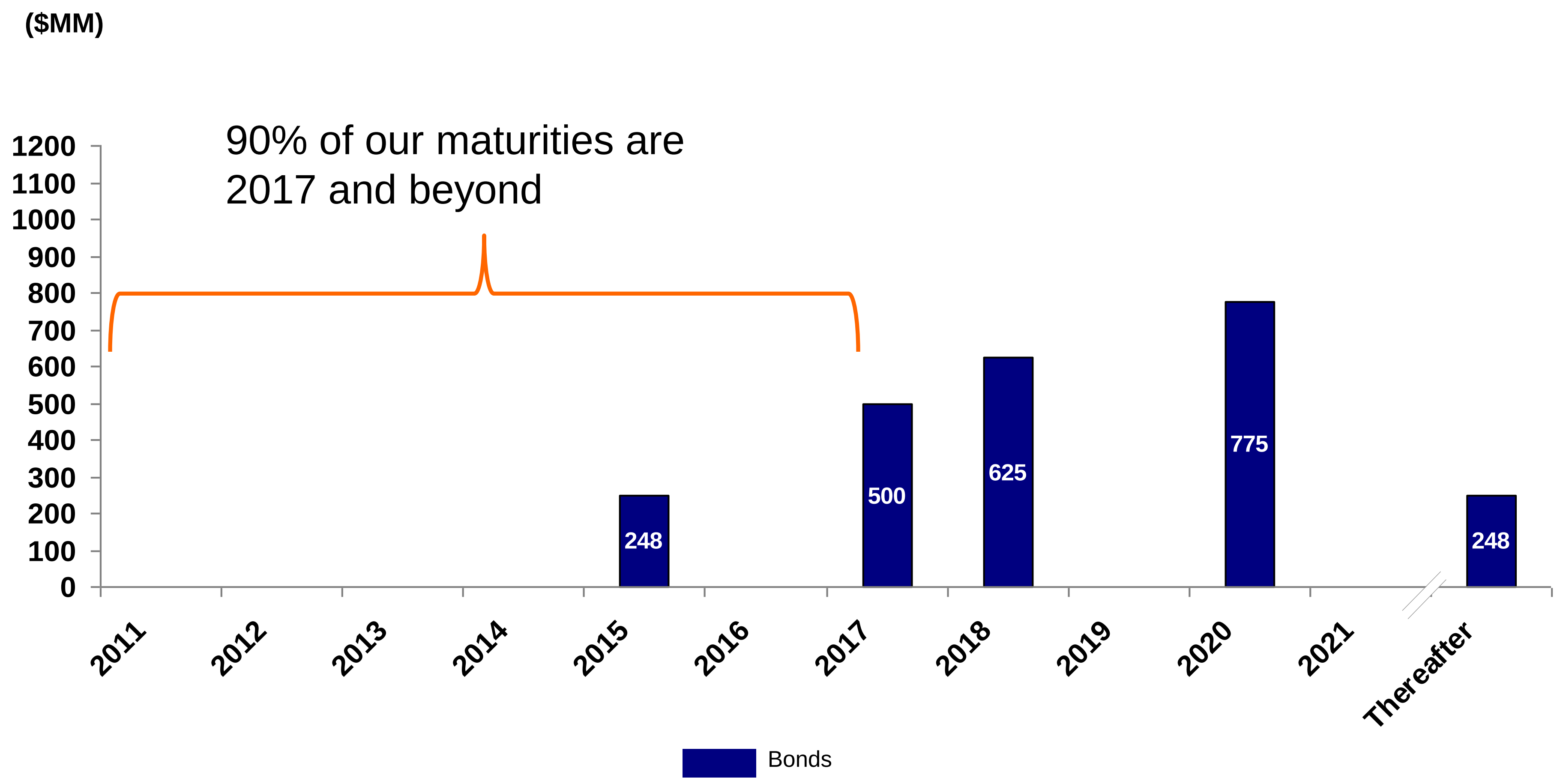
- Five of the top 10 global companies
- 45 of the Fortune 1000 companies, or 71 total including companies of a comparable size to Fortune 1000

Take-or-pay contracts with 3 to 7 year average contract lives or renewal periods

- More than 95% of revenue base is recurring with annual churn of less than 1%

Market	Facilities (#)	Data Center Capacity (sq ft)
Cincinnati, OH	6	436,000
Houston, TX	3	128,000
Dallas, TX	4	125,000
Austin, TX	1	15,000
Chicago, IL	1	14,000
Other Midwest markets	3	13,000
London, England	1	5,000
	19	736,000

No Significant Debt Maturities Until 2017



Note: Excludes capital lease obligations and unamortized call premiums on terminated interest rate swaps.

Key Credit Strengths

Stable Operating Company With 135 year History

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

Revenue and Adjusted EBITDA Visibility

- Significant recurring revenue allows company to consistently deliver annual revenue and Adjusted EBITDA guidance
- Successful in managing expenses, while maintaining margins
- Increasing geographic and product diversification with data center strategy

Strong Balance Sheet and Cash Flow

- LTM 9/30/11 Adjusted EBITDA of $540M and operating cash flow of $294M
- Moderate leverage, solid liquidity and limited near-term maturities
- Opportunistic in purchasing debt at attractive prices
- Extremely disciplined capital allocation process and does not pay a common stock dividend
- Minimal cash taxes paid as a result of over $1 billion of federal NOLs

Question & Answer

Appendix

Non-GAAP Reconciliations
Adjusted EBITDA

($ in millions)

	Twelve Months Ended December 31,			
	2007	2008	2009	2010
Total Operating Income (GAAP)	$ 282.4	$ 305.2	$ 295.5	$ 299.3
Add:				
Depreciation and amortization	150.8	153.9	164.9	179.5
Restructuring charges and other	39.8	21.1	9.8	13.7
Pension and other retirement plan expenses	32.7	55.7	18.2	17.5
Acquisition costs	-	-	-	9.1
Total Adjusted EBITDA (Non-GAAP)	$ 505.7	$ 535.9	$ 488.4	$ 519.1

Non-GAAP Reconciliations

Adjusted EBITDA

($ in millions)

	Three Months Ended September 30, 2011					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Net Income (GAAP)						$ 17.6
Add:						
Income tax expense						15.4
Interest expense						53.3
Operating Income (GAAP)	$ 65.2	$ 11.6	$ 11.3	$ 4.0	$ (5.8)	$ 86.3
Add:						
Depreciation and amortization	25.6	8.0	13.2	2.2	0.1	49.1
Gain on sale of assets	(8.4)	-	-	-	-	(8.4)
Acquisition costs	-	-	-	-	0.7	0.7
Legal claim costs	-	-	0.4	-	-	0.4
Pension and other retirement plan expenses	4.8	-	-	-	0.3	5.1
Adjusted EBITDA (Non-GAAP)	$ 87.2	$ 19.6	$ 24.9	$ 6.2	$ (4.7)	$ 133.2

	Three Months Ended June 30, 2011					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Net Income (GAAP)						$ 13.5
Add:						
Income tax expense						10.7
Interest expense						53.4
Operating Income (GAAP)	$ 55.4	$ 15.2	$ 12.8	$ 1.5	$ (7.3)	$ 77.6
Add:						
Depreciation and amortization	25.1	8.4	13.0	2.2	0.1	48.8
Acquisition costs	-	-	-	-	0.8	0.8
Asset impairment	0.5	-	-	-	-	0.5
Pension and other retirement plan expenses	9.1	-	-	-	0.4	9.5
Adjusted EBITDA (Non-GAAP)	$ 90.1	$ 23.6	$ 25.8	$ 3.7	$ (6.0)	$ 137.2

Non-GAAP Reconciliations

Cincinnati Bell℠

Adjusted EBITDA (cont)

($ in millions)

	Three Months Ended September 30, 2010					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Net Income (GAAP)						$ 14.5
Add:						
Income tax expense						16.1
Interest expense						52.0
Operating Income (GAAP)	$ 58.9	$ 15.7	$ 11.0	$ 1.8	$ (4.8)	$ 82.6
Add:						
Depreciation and amortization	26.3	8.1	11.8	1.9	0.1	48.2
Restructuring charges	-	-	-	-	-	-
Acquisition costs	-	-	-	-	-	-
Pension and other retirement plan expenses	4.0	-	-	-	0.3	4.3
Adjusted EBITDA (Non-GAAP)	$ 89.2	$ 23.8	$ 22.8	$ 3.7	$ (4.4)	$ 135.1

Non-GAAP Reconciliations
Free Cash Flow

($ in millions)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Reconciliation of GAAP Cash Flow to Free Cash Flow (as defined by the company)				
Net increase in cash and cash equivalents	$ 0.6	$ 17.1	$ 13.4	$ 11.2
Less adjustments:				
Proceeds from issuance of long-term debt	-	(2.1)	-	(1,353.4)
Net (decrease) increase in corporate credit and receivables facilities	-	10.0	(0.4)	85.9
Repayment of debt	2.8	6.5	9.0	791.6
Debt issuance costs	-	0.2	0.8	32.9
Common stock repurchase	10.0	-	10.0	-
Proceeds from sale of assets, net of expenses	(9.1)	-	(9.1)	-
Acquisitions, net of cash acquired	-	1.7	-	526.7
Acquisition costs	0.7	-	2.6	9.1
Free cash flow (as defined by the company)	$ 5.0	$ 33.4	$ 26.3	$ 104.0

Non-GAAP Reconciliations
Net Debt

($ in millions)

	December 31,			
	2007	2008	2009	2010
Total debt	2,009.7	1,960.7	1,979.1	2,523.6
Less: Interest rate swap adjustment	(2.9)	(22.4)	(14.6)	(3.8)
Less: Cash and cash equivalents	(26.1)	(6.7)	(23.0)	(77.3)
Net debt (as defined by the company)	$ 1,980.7	$ 1,931.6	$ 1,941.5	$ 2,442.5