Cincinnati Bell

Cowen and Company
39th Annual Technology Media and Telecom Conference

June 1, 2011

Safe Harbor

Certain of the statements and predictions contained in this presentation constitute forward-looking statements within the meaning of the Private Litigation Reform Act. In particular, statements, projections or estimates that include or reference the words “believes,” “anticipates,” “plans,” “intends,” “expects,” “will,” or any similar expression fall within the safe harbor for forward-looking statements contained in the Reform Act. Actual results or outcomes may differ materially from those indicated or suggested by any such forward-looking statement for a variety of reasons, including, but not limited to: changing market conditions and growth rates within the telecommunications industry or generally within the overall economy; changes in competition in markets in which the company operates; pressures on the pricing of company products and services; advances in telecommunications technology; the ability to generate sufficient cash flow to fund the company’s business plan, repay the company’s debt and interest obligations, and maintain its networks; the ability to refinance indebtedness when required on commercially reasonable terms; changes in the telecommunications regulatory environment; changes in the demand for the company’s services within the overall mix of products sold, as the company’s products and services have varying profit margins; the company’s ability to introduce new service and product offerings on a timely and cost effective basis; work stoppages caused by labor disputes; restrictions imposed under various credit facilities and debt instruments; the company’s ability to attract and retain highly qualified employees; the company’s ability to access capital markets and the successful execution of restructuring initiatives; changes in the funded status of the company’s retiree pension and healthcare plans; changes in the company’s relationships with current large customers, a small number of whom account for a significant portion of company revenue; disruption in the company’s back-office information technology systems, including its billing system; the company’s ability to integrate successfully the business of Cyrus Networks, LLC with the company’s existing operations and to achieve the anticipated benefits of the acquisition of Cyrus Networks, LLC; and failure of or disruption in the operation of the company’s data center. More information on potential risks and uncertainties is available in recent filings with the Securities and Exchange Commission, including Cincinnati Bell’s Form 10-K report, Form 10-Q reports and Form 8-K reports. The forward-looking statements included in this presentation represent company estimates as of June 1, 2011. Cincinnati Bell anticipates that subsequent events and developments will cause its estimates to change.

Non GAAP Financial Measures

This presentation contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), Adjusted EBITDA margin, 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

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

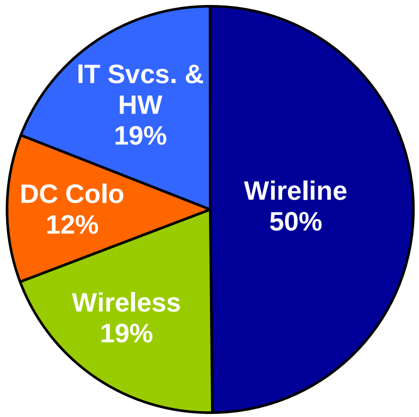
Provides business customers with outsourced data center colocation operations in world class, state-of-the-art data center facilities

Strong brand recognition and reputation for service

Proven capabilities with track record of delivering results

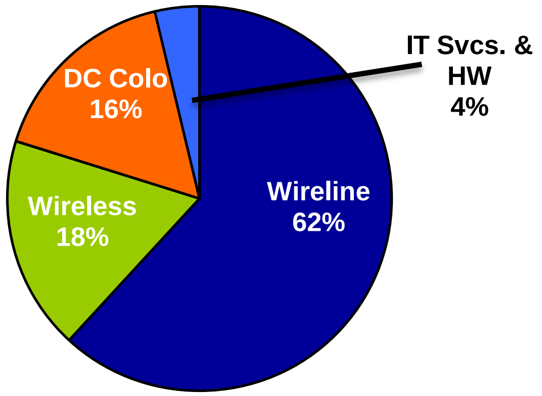
Well positioned for growth in the Data Center industry

Q1 2011 Revenue



$361MM

Q1 2011 Adjusted EBITDA



$142MM

Note: Excludes intercompany and corporate expenses

Cincinnati Bell Communications

As of March 31, 2011:

Wireline: 664K access lines

Wireless: 504K wireless subscribers

Broadband: 259K high speed internet subscribers

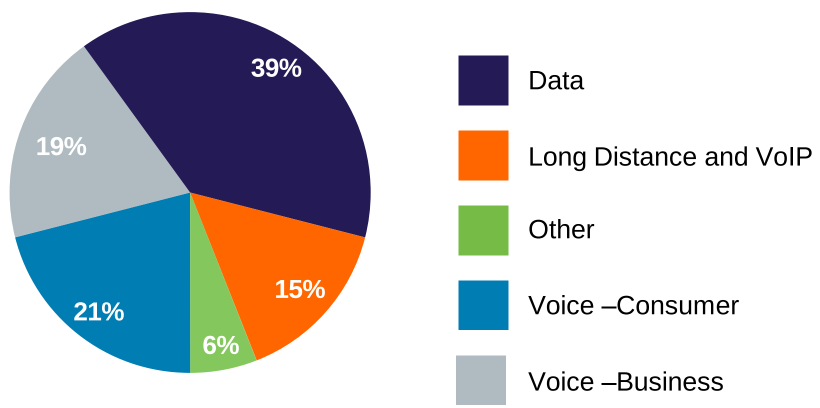
Entertainment: 31K Fioptics subscribers

Regional market leader offering full bundle of integrated telecommunications services

Successfully defending market share in the face of intense competition

Expanding fiber network to offer digital television and faster Internet

Q1 2011 Wireline Communications Revenue Mix



Cincinnati Bell Data Center Colocation

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

Square footage: 659K square feet (as of March 31, 2011)

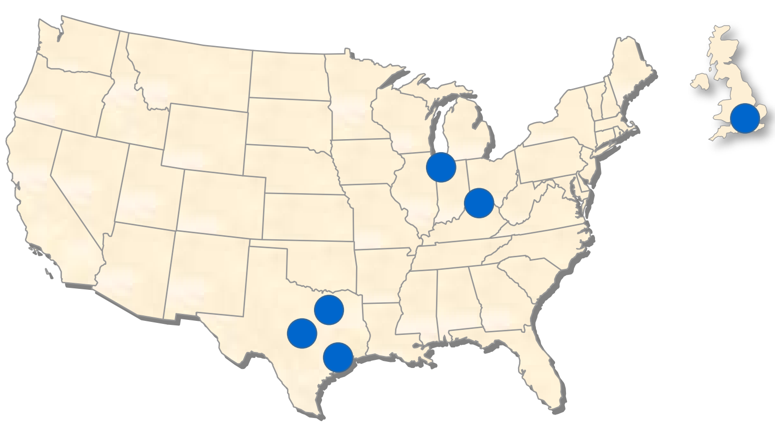
Utilization: 90% (as of March 31, 2011)

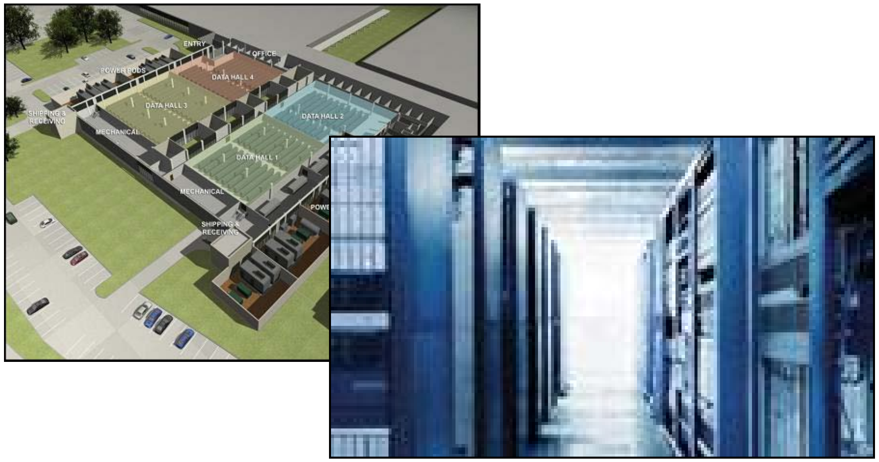
Activity: Added 20K square feet of DC space in Q1 2011

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

Premier regional facilities with growing national presence

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

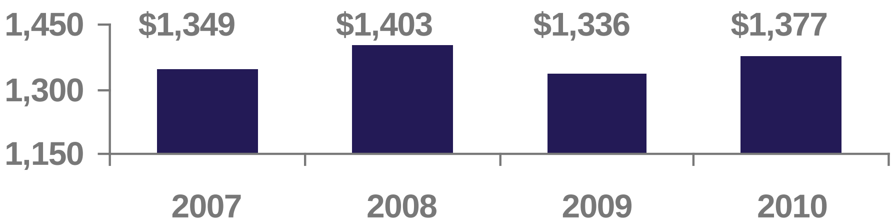




Proven Performance Track Record

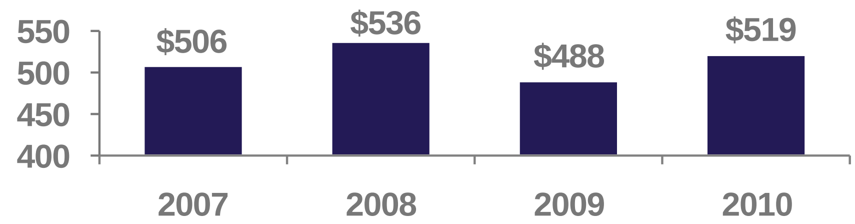
Revenue

($MM)



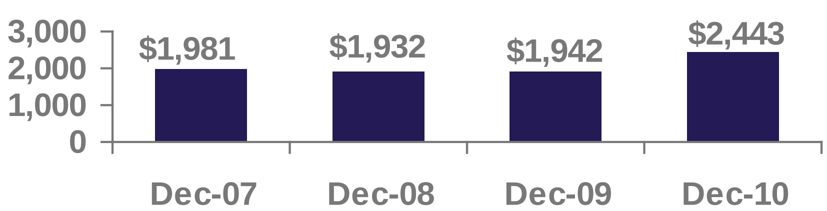
Adjusted EBITDA

($MM)



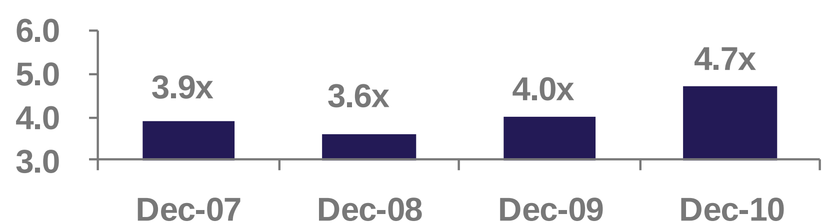
Net Debt

($MM)



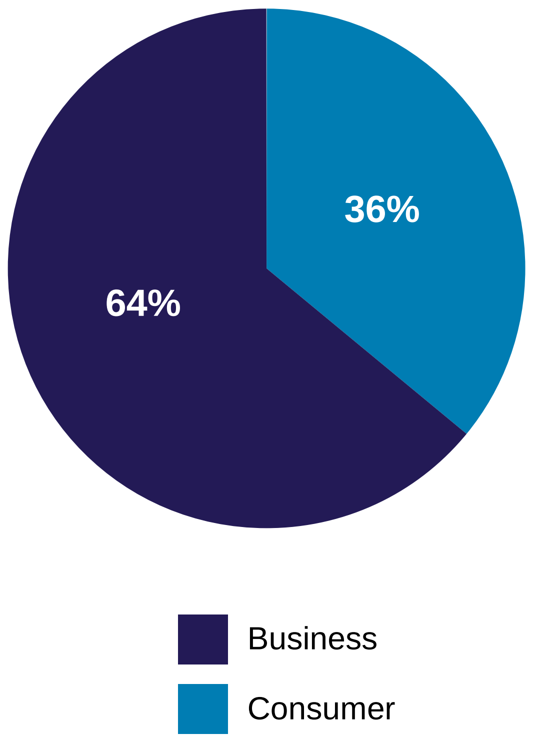
Net Debt / Adjusted EBITDA

(x)

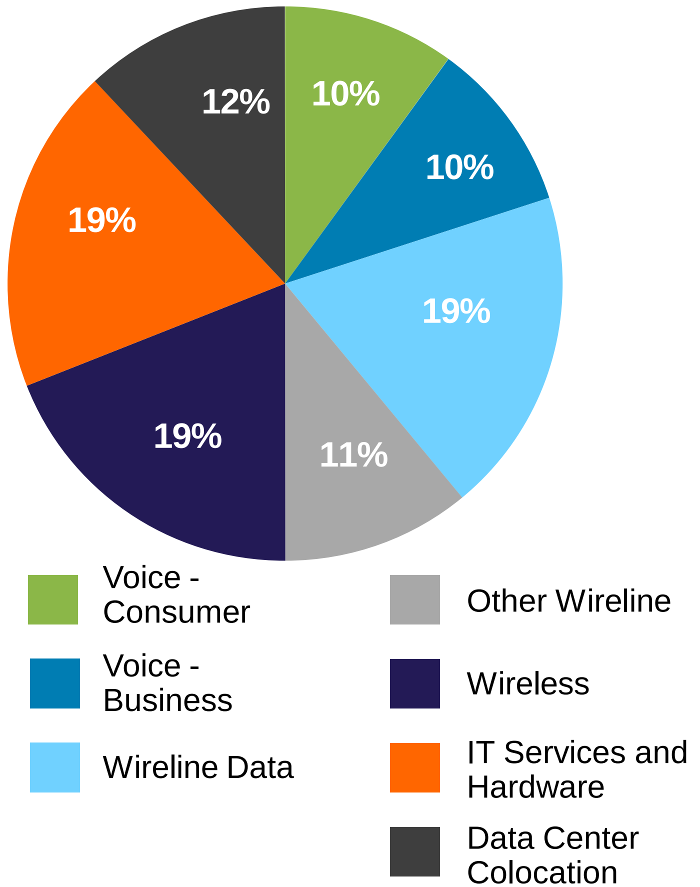


Revenue Diversification Strategy

Q1 2011 Customer Channel Mix



Q1 2011 Product Mix by Revenues*



* Before intercompany eliminations

Clear Strategic Focus

Create Sustainable Shareholder Value		
Generate Strong Operating Cash Flows	Grow Data Center Colocation	Maintain Financial Discipline
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	Implement fully financed, disciplined data center expansion plan and optimize capital structure

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Financial Update

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2011 1st Quarter Highlights – Solid Performance, Positive Outlook

Net Revenue of $361 million is $37 million or 11% higher than Q1 2010

Adjusted EBITDA of $142 million is up $15 million or 12% sequentially and year over year.

CyrusOne continues to drive growth contributing $22 million of revenue and $14 million of Adjusted EBITDA

Wireless Adjusted EBITDA improved by $13 million, double Q4 of 2010, and delivered 37% Adjusted EBITDA margin

- Sequential Revenue growth from 3 out of 4 segments
- Data Center Colocation segment increased revenue 117% and Adjusted EBITDA 122% year over year
- Access line loss below 7%
  - Our lowest rate of loss in 7 quarters
  - In-territory loss was the lowest in 4 years
- 97,000 postpaid smartphone subscribers
  - 28% of our total postpaid base

2011 1st Quarter Segment Highlights

Data Center Colocation

- Q1 2011 Adjusted EBITDA of $24 million, up 122% year-over-year driven primarily by CyrusOne acquisition
- CyrusOne Adjusted EBITDA margin of over 60%
- Q1 2011 utilization rate at 90%; 20K sq ft of new space constructed in Q1

Wireless

- Adjusted EBITDA of $26 million, double the Q4 2010 results
- Adjusted EBITDA margins consistent with Q1 2010 at 37%
- Churn in the quarter remained flat at 2.1% compared to prior year, while prepaid churn improved to 5.5%

Wireline

- Sequential increase in both Revenue and Adjusted EBITDA
- Solid Adjusted EBITDA margin at 49%
- Fioptics homes passed increased to 83,000 from 79,000 at year end

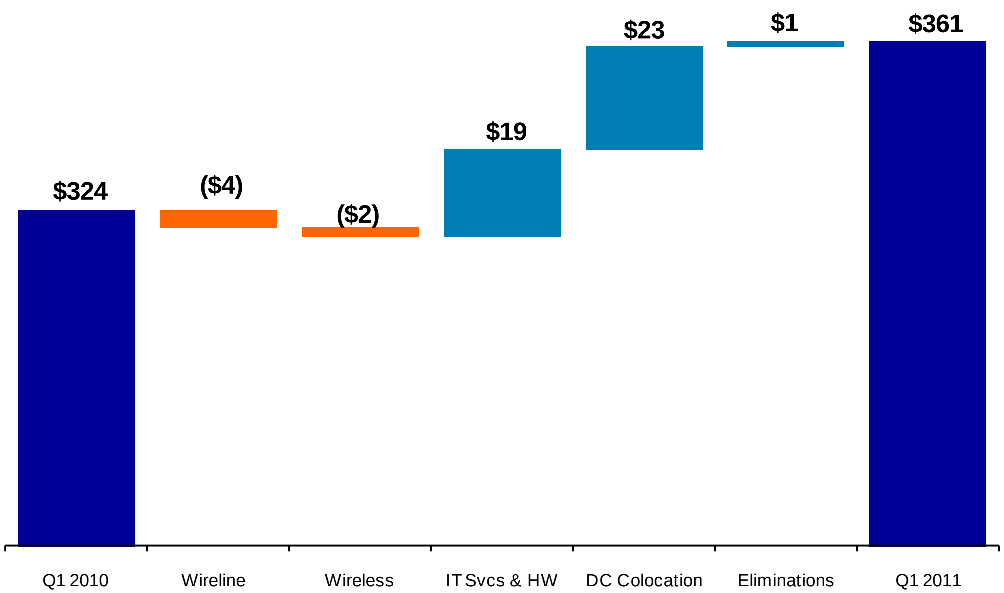
IT Services & Hardware

- Q1 2011 Revenue of $70 million, up $19 million or 36% from prior year
- Q1 2011 Adjusted EBITDA of $5 million, up $3 million or 135% from prior year

2011 1st Quarter Year over Year Change in Revenue

Revenues up $37 million or 11% over 2010

($'s in millions)



$23 million increase in Data Center Colocation

- Including $22 million from CyrusOne acquisition

$19 million increase in IT Services and Hardware

- $15 million or 46% increase in Telecom & IT Equipment
- $4 million or 19% increase in Managed Services & Professional Services

($2 million) decrease in Wireless

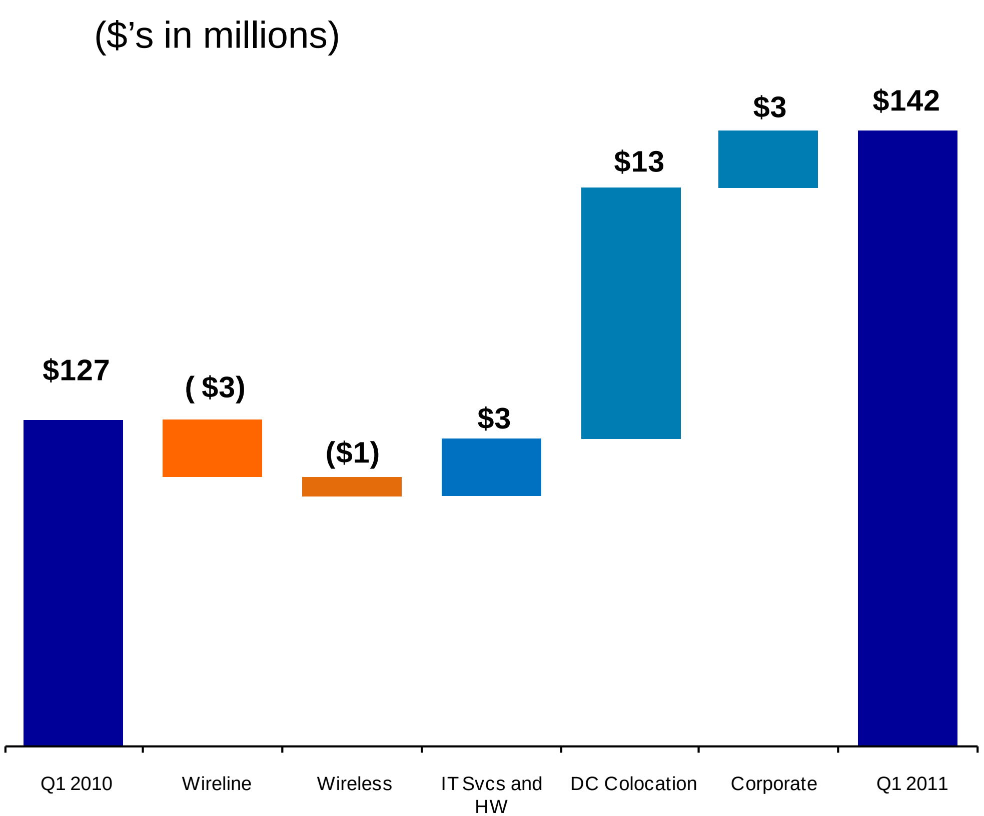
- Lower postpaid revenue on fewer subs, offset by higher prepaid and equipment revenue

($4 million) decrease in Wireline

- Access line loss was 6.76% driving revenue decline
- Added 3K fiber entertainment subs and 2K high-speed internet subs in the quarter

2011 1st Quarter Year over Year Change in Adjusted EBITDA

Increase of $15 million or 12% sequentially and year over year



$13 million increase in Data Center Colocation

- Addition of CyrusOne increased Adjusted EBITDA 122%

$3 million increase in IT Services and Hardware

- Stronger revenue and improvement in Adjusted EBITDA margin

($1 million) decrease in Wireless

- Adjusted EBITDA margin returns to 37%

($3 million) decrease in Wireline

- Maintained Adjusted EBITDA margin of 49% from first quarter 2010

$3 million decrease in Corporate expenses

- Primarily related to the release of an indemnification reserve

2011 1st Quarter Year over Year Change in Free Cash Flow

($'s in millions)

FCF of $11M decreased $29M year over year

- $15M increase in Adjusted EBITDA
- ($25M) of additional capital spending
- ($3M) higher interest payments
- ($14M) from higher pension and post retirement contributions
- ($2M) decrease from working capital and other

2011 Earnings Guidance and Focus

- Generating strong operating cash flows
- Growing Data Center Colocation
- Maintaining financial discipline

	2011 Guidance
Revenue	$ 1.4 billion
Adjusted EBITDA*	Approx. $530 million
Free Cash Flow	Approx. $5 million

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

Segment Performance

Wireline Overview

Focused on maintaining margin stability in declining business through aggressive cost reductions

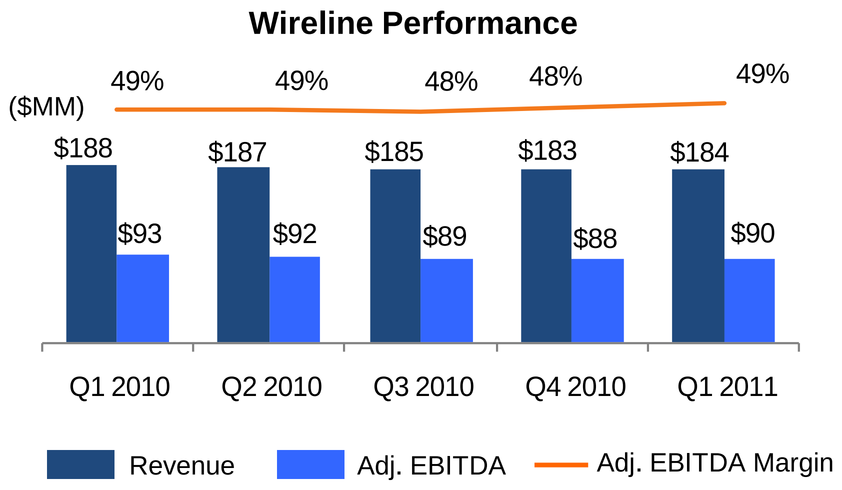
- Sourcing initiatives to save more than $10M
- Other cost-out plans implemented

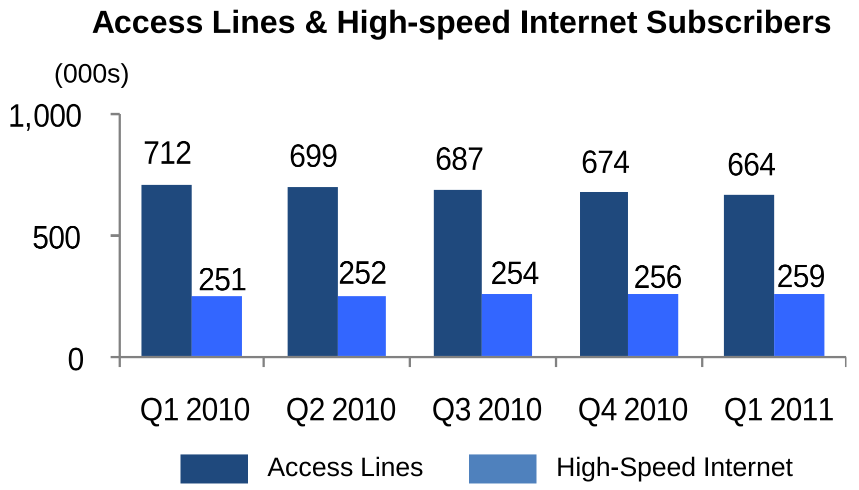
Access line loss is stable, 6.76% for Q1 2011

Fioptics product suite represents growth area, 31K entertainment subs at March 31, 2011

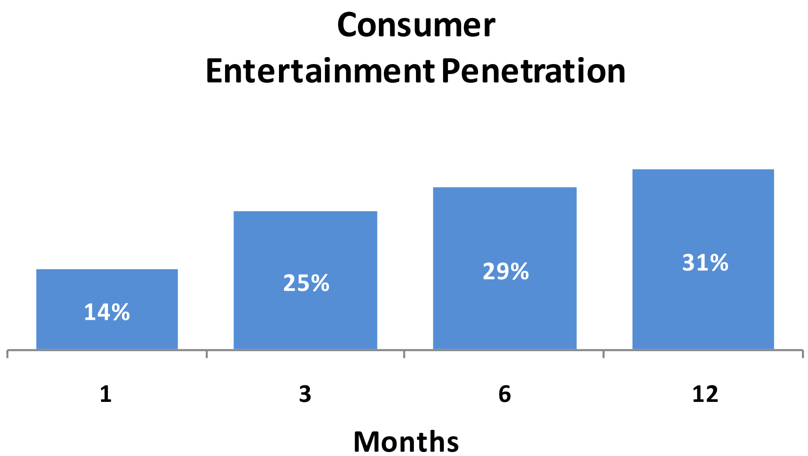
- Up 65% vs. Q1 2010
- Penetration of homes passed after 12 months is strong at approximately 31%
- Consumer ARPU of $117 in Q1 2011, up from $113 in Q1 2010

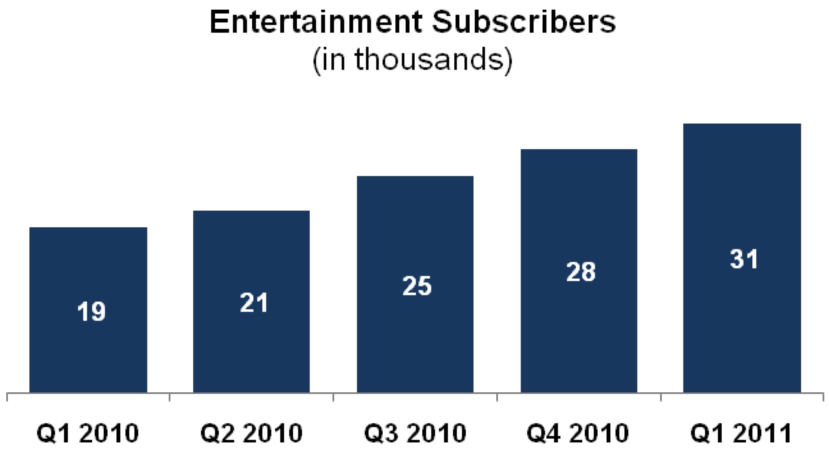
Positive high-speed Internet net adds in saturated market





Fioptics Penetration





Q1 2011 Fioptics subscribers

- 83K units passed, 12% of ILEC households
- 31K entertainment subs
- 31K internet subs
- 23K voice subs

Churn improving as we build to more single-family homes

- Less than 3% for entertainment subscribers

Fioptics consumer monthly ARPU of $117 in Q1 2011, up from $113 in Q1 2010

Wireless Overview

Q1 2011 Adjusted EBITDA Margin of 37%

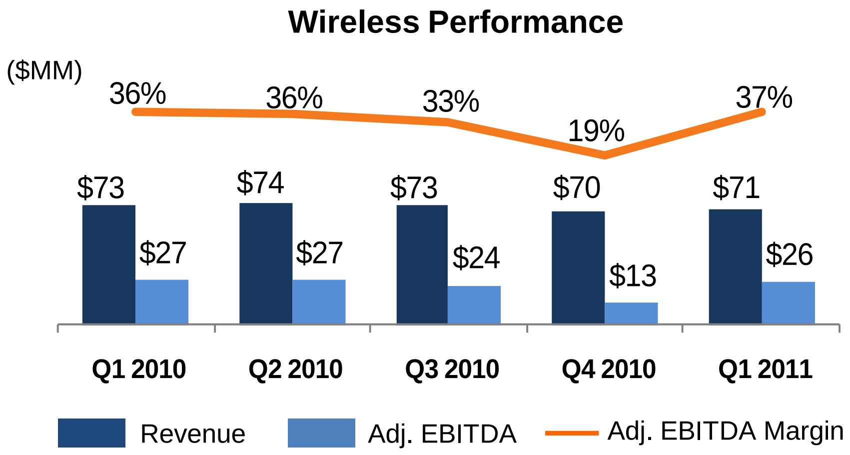
- Consistent with Q1 2010 and continuing at the pace set last year
- Improvement over Q4 due to lower subscriber acquisition costs and continued cost management

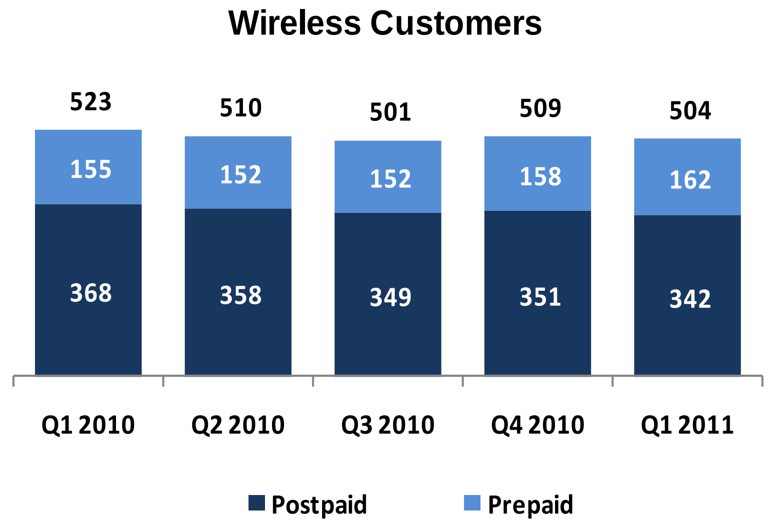
Postpaid subscribers have decreased

- 7% decline in subscribers from Q1 2010
- Churn consistent at 2.1%
- Results reflect impact of significant spending by national carriers to market network and maintain exclusivity contracts for premium handsets

Prepaid subscribers have increased 4% from Q1 2010

- 2 consecutive quarters of positive net adds
- Churn improved to 5.5%
- Stronger network than competitors



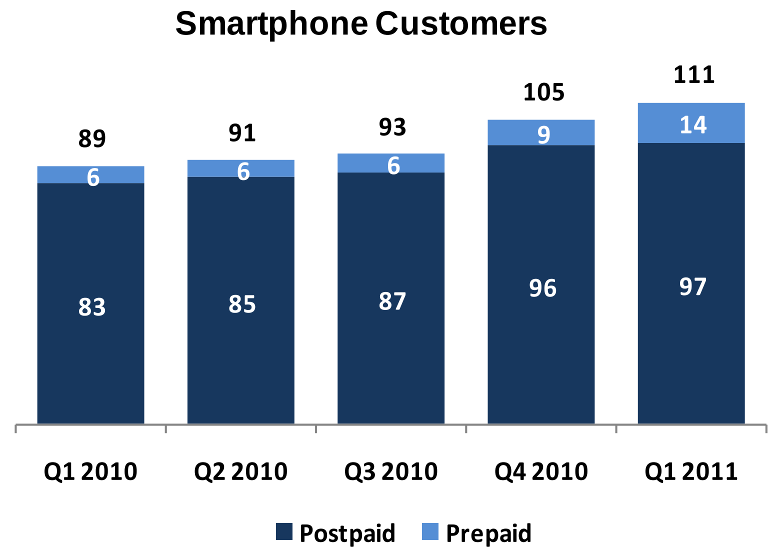


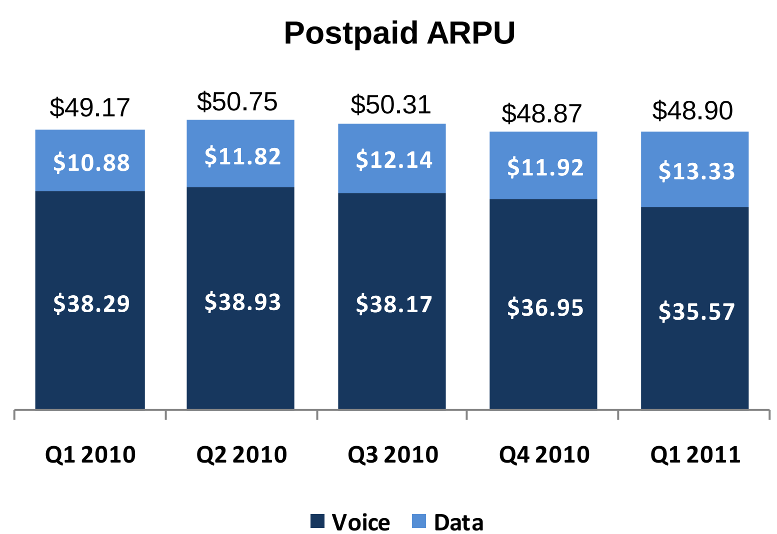
Smartphones and ARPU

25% increase in smartphone plans versus Q1 2010

- Smartphones now represent 28% of postpaid and 8% of prepaid subscribers
- 43% increase in prepaid smartphone plans versus Q1 2010
- Expect continued increases in smartphones

Maintained consistent postpaid ARPU as increases in Data ARPU has mostly offset declines in Voice, driven by smartphone penetration gains





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IT Services and Hardware

Q1 2011 Revenue increased over prior year by 36%

- $15 million increase in hardware sales
- $4 million increase in Managed and Professional Services
- Virtual Data Center revenues up 300% from Q1 2010

Q1 2011 Revenue decline over prior quarter entirely due to hardware sales

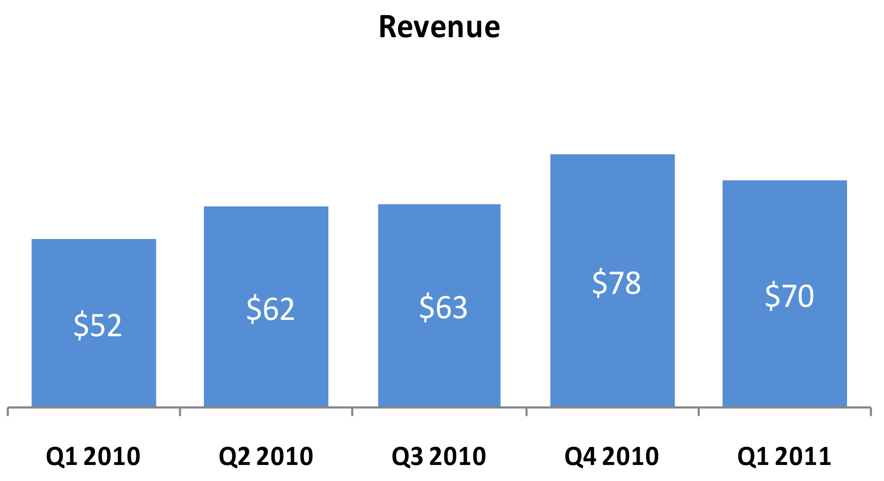
- Fourth quarter is a seasonal peak, consistent with prior years

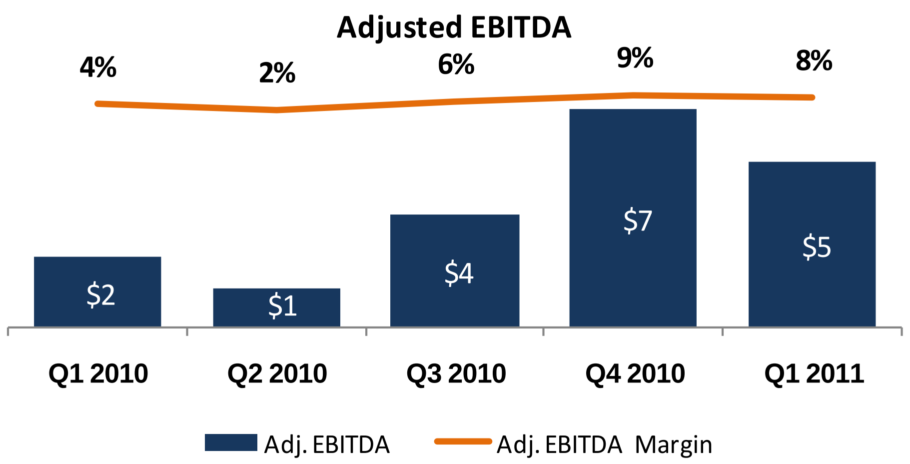
Investments made in IT workforce bench strength

Integration of processes between IT Services & Hardware with Wireline is underway

- Sales teams
- Technical support

($'s in millions)





Data Center Strategy

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Evolution of Data Center Landscape

Data Centers are purchased as a service

Demand for data centers

Demand for “digital energy” is growing exponentially

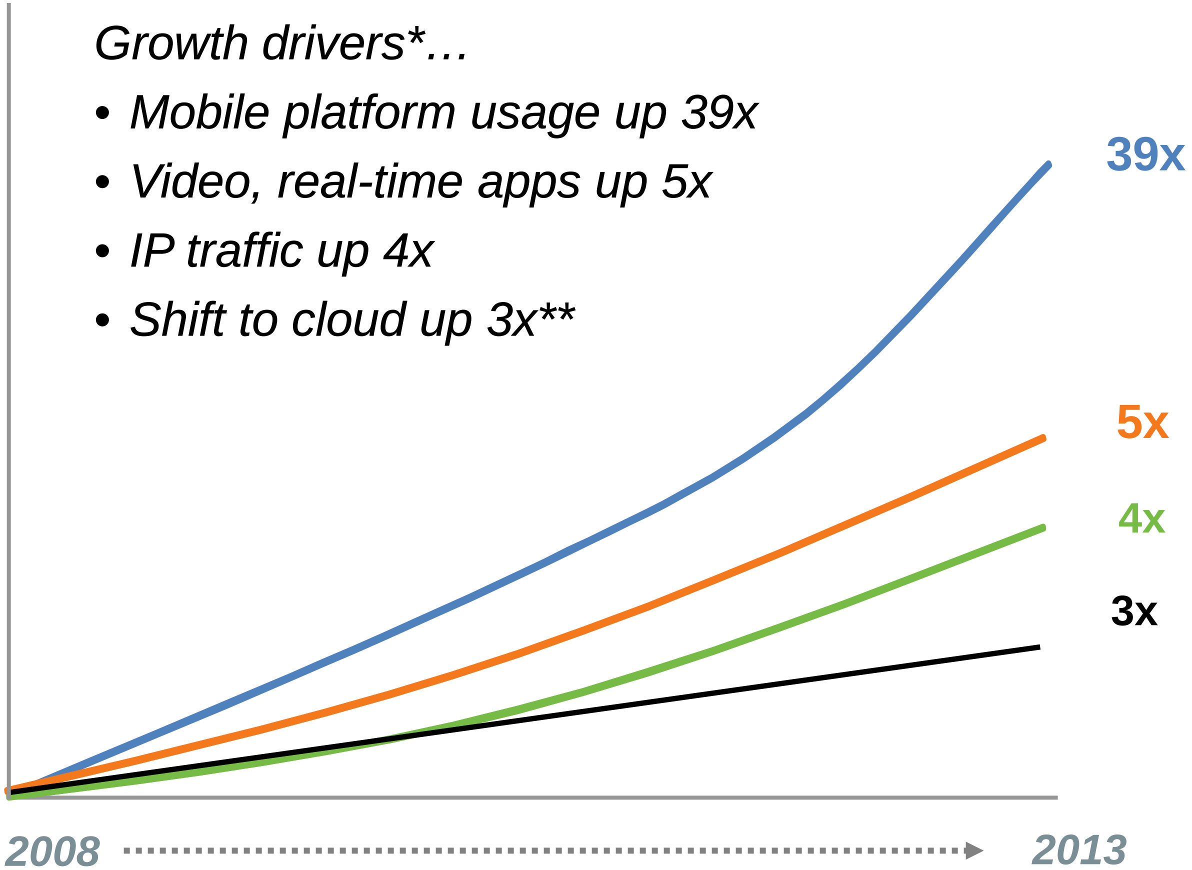
CIO’s need to re-engineer the information grid

Enterprise demand for information is accelerating

Enterprise Demand for Information

Growth drivers…*

- *Mobile platform usage up 39x*
- *Video, real-time apps up 5x*
- *IP traffic up 4x*
- *Shift to cloud up 3x***



Accelerating demand for information across all enterprises:

- Corporate/ Enterprise/Internet
- Media & Entertainment
- Healthcare & Financial Services
- Government/ Defense

Source: *CISCO VNI, June 2010
**Gartner, 2009

Re-engineering the Information Grid – Reconfiguration

Fortune 500 CIO's have multiple locations globally, with thousands of applications running in them, and all are currently being confronted with the same challenges in terms of how to manage them.

Reconfiguring of information – digitization

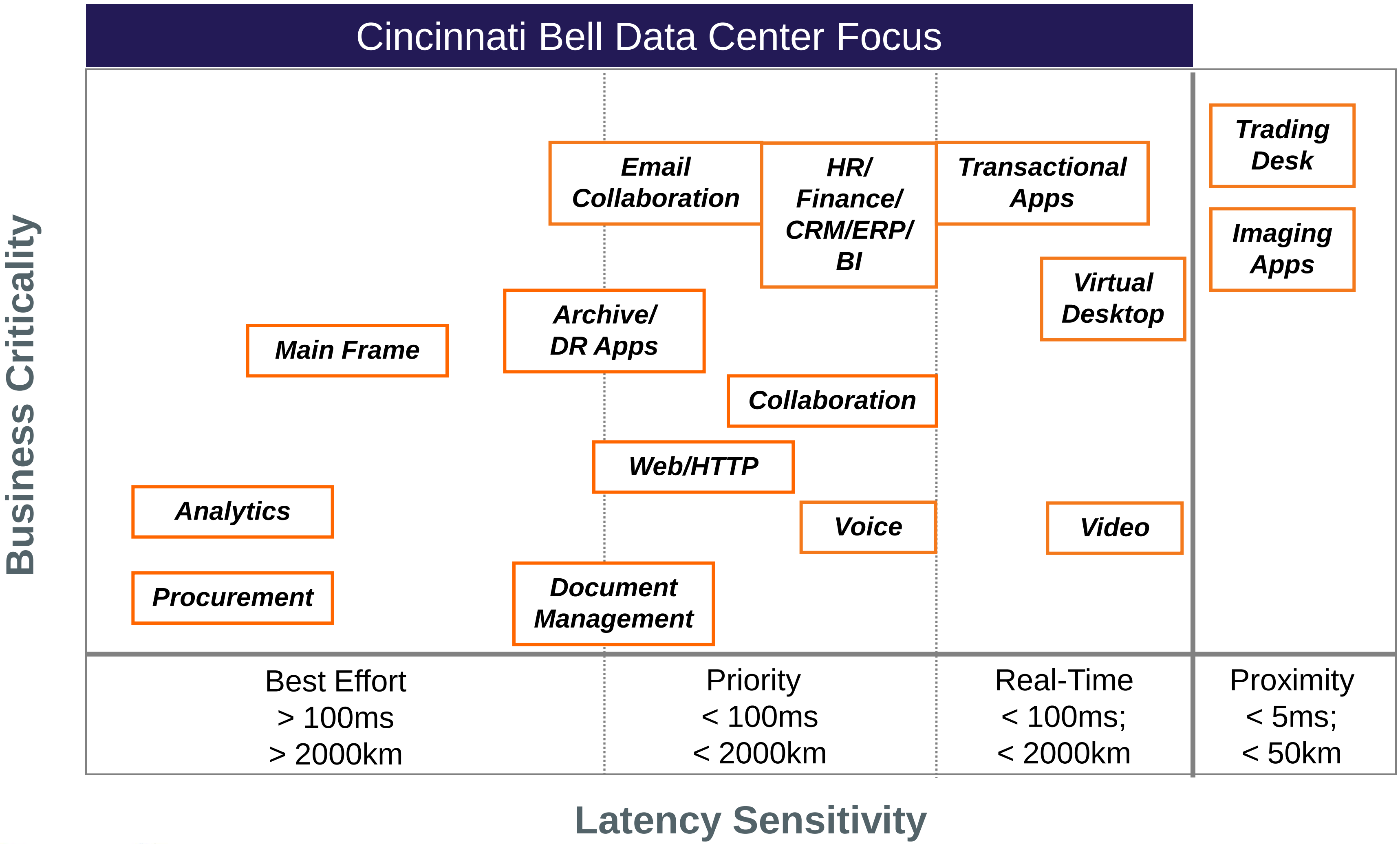
Accessibility, speed, timeliness

Migration to network-centric computing

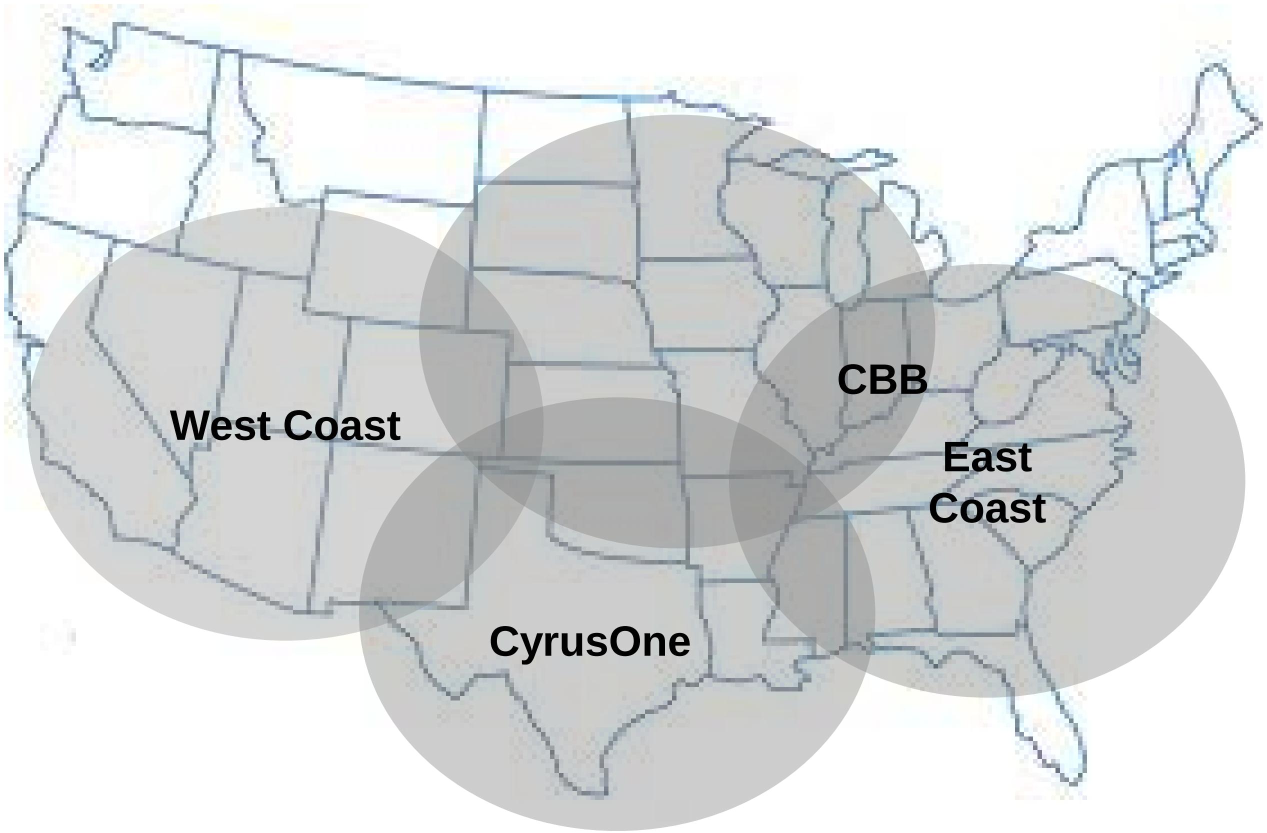
Demand for "always on" power

Corporate data storage and disaster recovery requirements

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



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

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Demand for "Digital Energy"

Processor speed doubling approximately every two years

Internet network hosts and gross capacity of disk drives imply **exponential relationship** between processing power, network connectivity, and data creation

Computing consumes **9 percent** of total electric in the U.S.

Data is not virtual; requires a physical location with **"always on" power** to exist

Enterprise data center demand is at inflection point; beginning to grow at **increasing rate**

Enterprise users require significant "always on" **processing & storage capacity** for data

Enterprise shift to **digital grade power**

Internet/Computing Infrastructure Power

	Billons kWh	% of Total
Data Centers	45	1.2%
PCs & Monitors	235	6.4%
Modems, Routers, etc.	67	1.8%
Phone Network	0.4	0%
Total	347.4	9.4%
Total U.S. Power (billions, kWh)	3,691	

Source: Lawrence Livermore labs and Stanford University, 2007

Power versus Performance

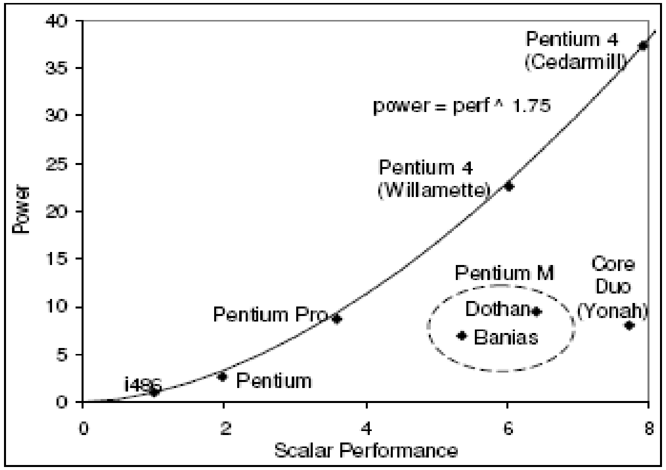


Figure 2: Normalized Power versus Normalized Scalar Performance for Multiple Generations of Intel Microprocessors

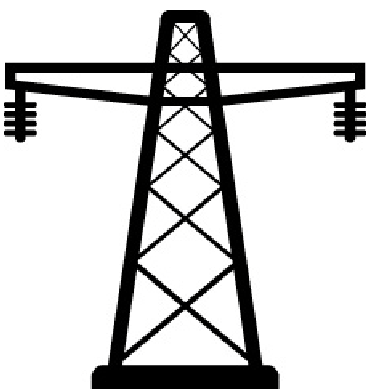
Source: Energy per Instruction Trends in Intel® Microprocessors, Microarchitecture Research Lab, Intel Corporation

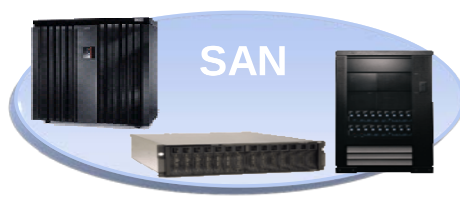
Digital Energy

Electric Utilities generate electricity and deliver to the Data Center

Power is cleaned up and converted into “computing” products

Which is consumed by people and businesses

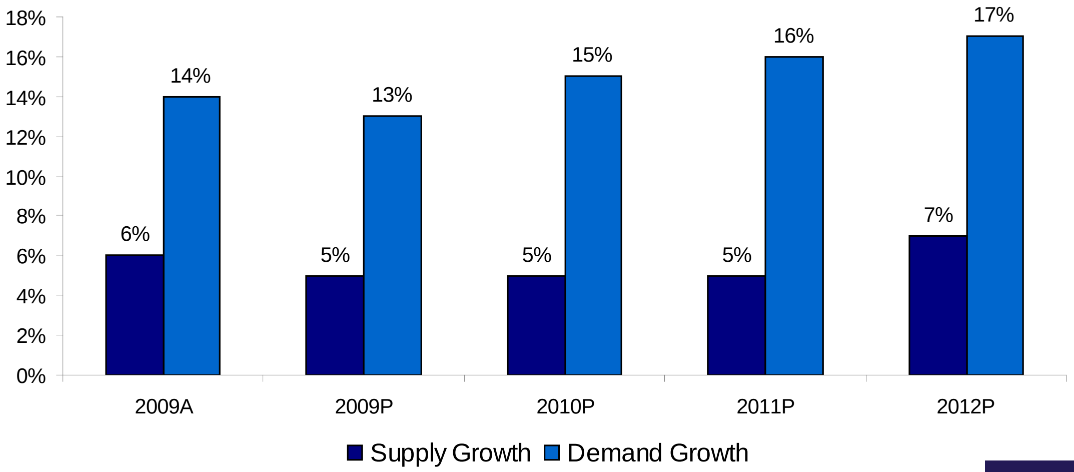




Data Center is…
large computing warehouse

Demand for Data Centers

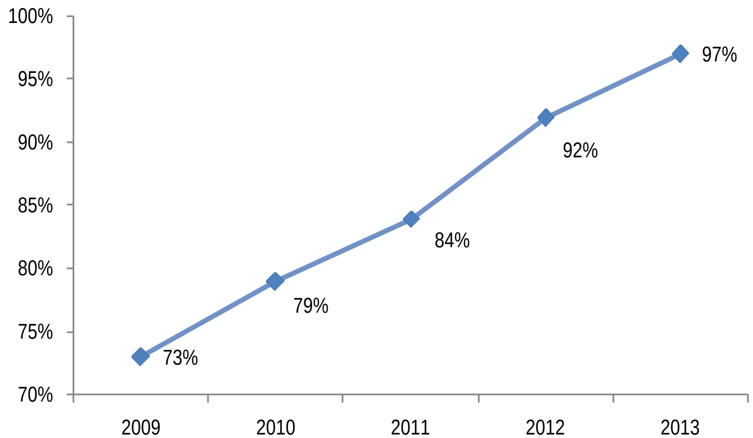
Supply / Demand Imbalance



Source: Tier 1 Research

Imbalance equates to expected global data center utilization increasing from **65% in 2008 to 93% in 2012**

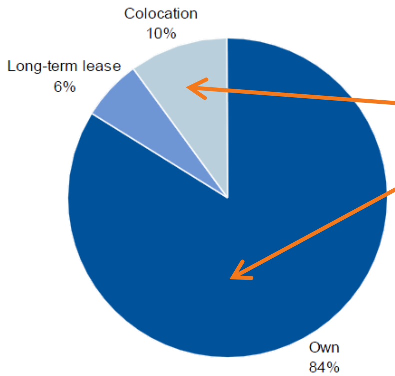
Multi-Tenant Data Center Utilization – Global



Source: Tier 1 Research

Data Center Demand Outlook

How do you Obtain DC Space?



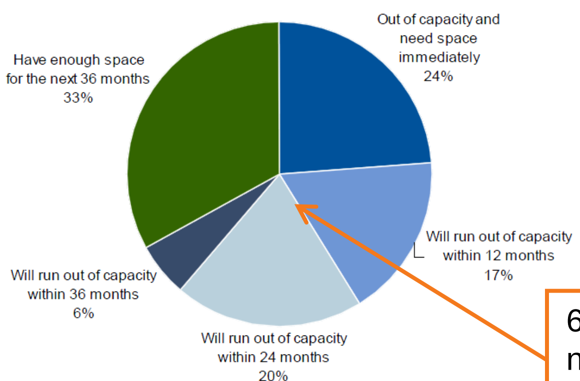
10% of companies have outsource relationship

84% currently do not

Gartner DC Customer Poll Shows Compelling Statistics

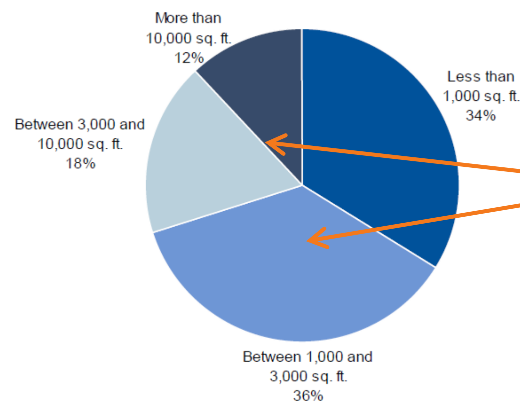
Only 10% of market is outsourced and most will run out of space in three years

What is Your Expected Need?



67% of companies will need space within 36 months

How much Space will you Need?



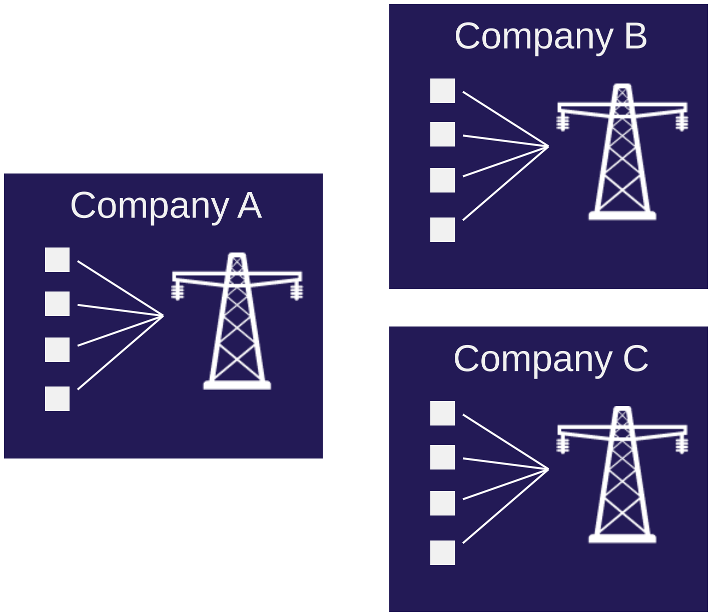
66% of companies will need at least 1k Sq Ft of Space – Mid Range Companies

30% will need greater than 3k – Enterprise Range

Source: Gartner – Jan 2009

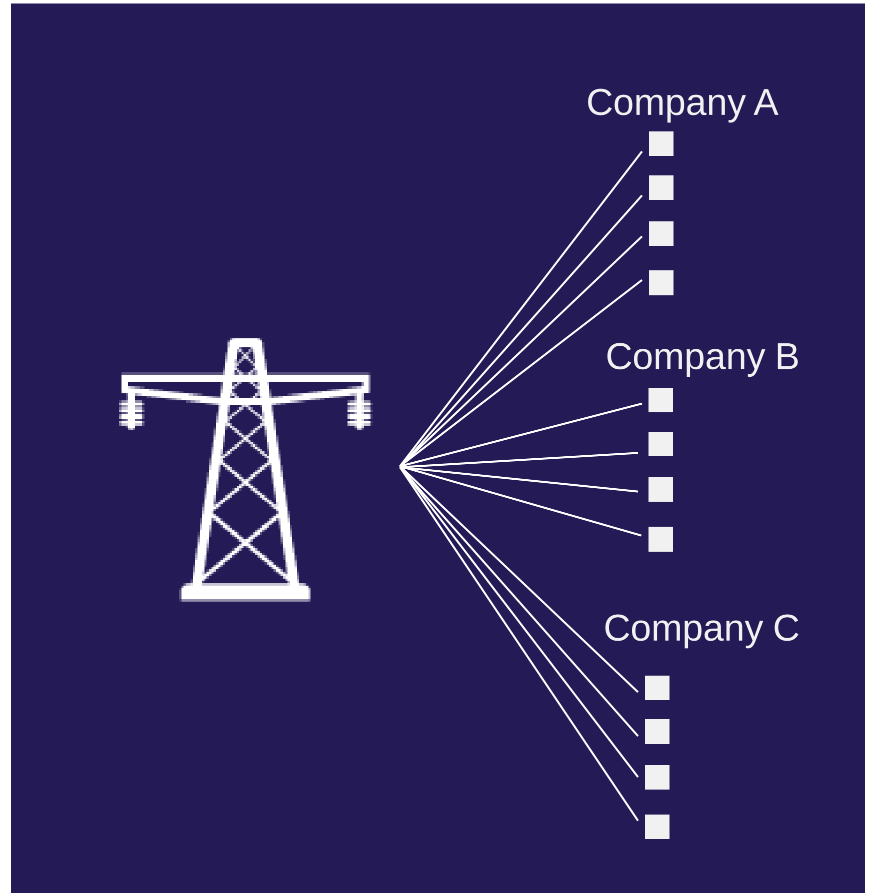
Data Centers are Consumed as a Utility

Situation 1905



Each company has a "VP of Electricity", which is similar to today's scenario where each company has its own data center

Situation 1910



In a few years, companies eliminate "VP of Electricity" and begin purchasing power from the utility company, which we believe will happen in data centers

Data Center Colocation Key Financial Highlights

Fundamentally Strong Model

- Proven Growth
- Revenue Visibility
- Diverse Customer Base
- High Operating Margins
- Low Cost of Capital
- Targeted Execution

Creates Sound & Reliable Results

- Scale, experience yielding greater efficiencies
- Strong cash Return on Assets

Data Center Colocation
Capacity, Revenue and Adjusted EBITDA

Revenue of $43 million increased 117% vs. prior year
- CyrusOne contributed $22 million

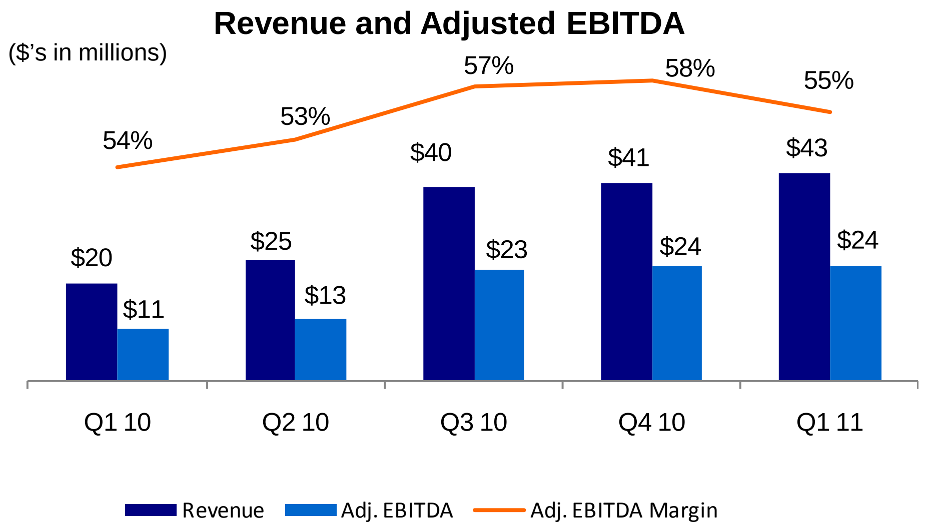
Adjusted EBITDA of $24 million increased 122% vs prior year
- CyrusOne contributed $14 million

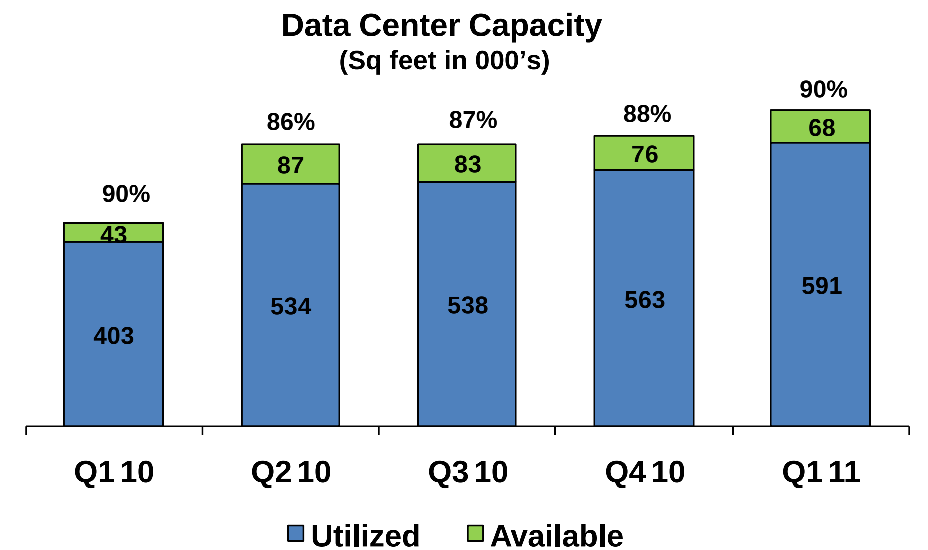
CyrusOne has performed as expected
- Q1 annualized Adjusted EBITDA implies a 9.7x purchase price multiple vs. original 12.8x at acquisition

Executed turn-key data center solution in London to meet customer demand
- Space will be ready for customers in Q2 2011

Utilization increased to 90%

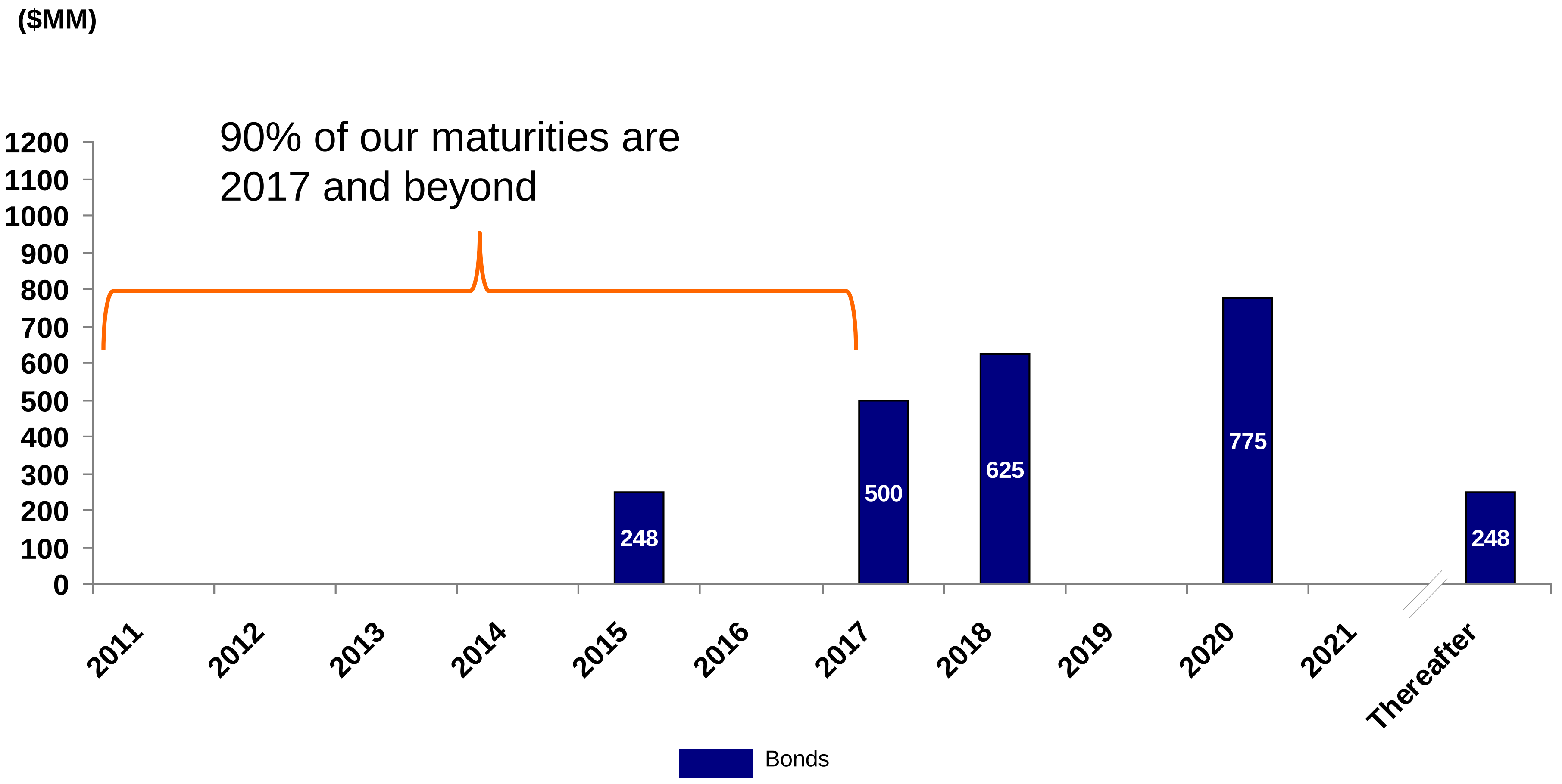
Square feet available increased to 659k
- Increase of 48% from Q1 2010





Cincinnati Bell℠

No Significant Debt Maturities Until 2017



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

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 March 31, 2011					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Operating Income (GAAP)	$ 59.6	$ 16.3	$ 12.0	$ 3.2	$ (4.7)	$ 86.4
Add:						
Depreciation and amortization	25.4	8.7	12.0	2.2	0.1	48.4
Acquisition costs and other	-	1.1	-	-	1.1	2.2
Pension and other retirement plan expenses	5.0	-	-	-	0.4	5.4
Adjusted EBITDA (Non-GAAP)	$ 90.0	$ 26.1	$ 24.0	$ 5.4	$ (3.1)	$ 142.4

	Three Months Ended December 31, 2010					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Operating Income (GAAP)	$ 52.5	$ 4.1	$ 9.2	$ 4.0	$ (5.3)	$ 64.5
Add:						
Depreciation and amortization	26.7	8.0	13.0	2.1	-	49.8
Restructuring charges	4.9	1.0	1.4	1.0	0.2	8.5
Pension and other retirement plan expenses	4.1	-	-	-	0.3	4.4
Adjusted EBITDA (Non-GAAP)	$ 88.2	$ 13.1	$ 23.6	$ 7.1	$ (4.8)	$ 127.2

	Three Months Ended March 31, 2010					
	Wireline	Wireless	Data Center Colocation	IT Services & Hardware	Corporate	Total Company
Operating Income (GAAP)	$ 63.1	$ 17.7	$ 6.7	$ 0.7	$ (5.8)	$ 82.4
Add:						
Depreciation and amortization	25.4	9.0	4.1	1.6	0.1	40.2
Pension and other retirement plan expenses	4.1	-	-	-	0.3	4.4
Adjusted EBITDA (Non-GAAP)	$ 92.6	$ 26.7	$ 10.8	$ 2.3	$ (5.4)	$ 127.0

Non-GAAP Reconciliations

Free Cash Flow

($ in millions)	Three Months Ended March 31, 2011	2010
Reconciliation of GAAP Cash Flow to Free Cash Flow (as defined by the company)		
Net increase in cash and cash equivalents	$ 6.7	$ 553.8
Less adjustments:		
Proceeds from issuance of long-term debt, net of financing costs	-	(603.3)
Net decrease in corporate credit and receivables facilities	-	85.9
Repayment of debt	3.0	2.9
Acquisitions, net of cash acquired	-	0.4
Acquisition costs	1.1	-
Free cash flow (as defined by the company)	$ 10.8	$ 39.7

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