CINCINNATI BELL INC
Form 8-K
November 07, 2003

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **November 7, 2003**

CINCINNATI BELL INC.

(Exact name of registrant as specified in its charter)

Ohio	**1-8519**	**31-1056105**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)
	201 East Fourth Street **Cincinnati, Ohio**	**45202**
	(Address of principal executive offices)	(Zip Code)

(513) 397-9900
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former name or former address, if changed since last report)

Item 7 Financial Statements and Exhibits

(c) Exhibits.

Exhibit Number	Description
Exhibit 99.1	Press Release of Cincinnati Bell Inc. dated November 7, 2003.

Item 9. Regulation FD Disclosure.

A.

INTRODUCTION

On November 7, 2003, Cincinnati Bell Inc. (the "Company") announced the pricing of an offering of approximately $540 million principal amount of $8^3/_8$% Senior Subordinated Notes due 2014 by means of a private placement (the "Offering").

The net proceeds from the Offering, after deducting the initial purchasers' discounts and fees and expenses related to the Offering, are estimated to be $528.2 million. The Company will use $524.6 million of the net proceeds to purchase all of its outstanding Convertible Subordinated Notes due 2009 at a discounted price equal to 97% of their accreted value on the expected closing date of November 19, 2003. The Company will use the additional net proceeds of $3.6 million to pay fees related to an expected credit facility amendment and to reduce the outstanding borrowings under its revolving credit facility.

The information contained in this Current Report on Form 8-K, including the exhibit hereto, is neither an offer to sell nor a solicitation of an offer to purchase any of the securities to be offered. The securities to be offered will not be registered under the Securities Act of 1933, as amended, or applicable state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

B.

LIMITATION ON INCORPORATION BY REFERENCE

In accordance with General Instruction B.2 of Form 8-K, the information set forth in this Item 9 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The information set forth in this Item 9 is included under this Item 9 in accordance with the procedure guidance in SEC Release No. 33-8216. Inclusion of the information set forth in this Item 9 shall not be deemed an admission as to the materiality of any information in this Current Report on Form 8-K that is required to be disclosed solely to satisfy the requirements of Regulation FD.

C.

SUPPLEMENTAL INFORMATION

The following is certain information that will be disclosed by the Company in connection with the Offering.

(1) SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

Our summary historical consolidated financial data presented below for each of the years ended December 31, 2000, 2001 and 2002 have been derived from, and should be read together with, our audited consolidated financial statements and the related notes. Our summary consolidated financial data presented below as of June 30, 2003 and for the six-month periods ended June 30, 2002 and June 30, 2003 has been derived from our unaudited condensed consolidated financial statements and the related notes for such periods, which in the opinion of our management include all adjustments, consisting only of normal recurring adjustments and other nonrecurring adjustments as disclosed, necessary to present fairly the financial results for such periods. Interim results are not necessarily indicative of the results that may be expected for any other interim period or for a full year. In addition, we have presented certain financial information for the nine-month periods ended September 30, 2002 and 2003. The unaudited summary pro forma consolidated financial information reflects our results of operations for the year ended December 31, 2002 and the six-month period ended June 30, 2003 and our balance sheet as of June 30, 2003, after giving effect to all of the pro forma transactions. See "Unaudited Pro Forma Condensed Consolidated Financial Information." The unaudited pro forma statement of operations gives effect to the pro forma transactions as if they had occurred on January 1, 2002, and the unaudited pro forma balance sheet as of June 30, 2003 gives effect to the pro forma transactions as if they had occurred as of that date, except for the March 26, 2003 financing transactions and June 13, 2003 broadband asset sale, which are included in the actual results as of June 30, 2003. You should read all information contained in the following table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, condensed consolidated financial statements and the related notes contained in our annual and other reports filed with the SEC. The financial data presented below includes the results of the unrestricted subsidiaries unless otherwise indicated.

	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, Pro forma 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, Pro forma 2003
	(dollars in millions, except per share amounts)						
Operating Data							
Revenue	$ 1,973.7	$ 2,271.6	$ 2,155.9	$ 1,307.0	$ 1,099.0	$ 931.3	$ 622.9
Cost of services and products, selling, general and administrative, depreciation and amortization	1,978.1	2,247.3	2,011.4	967.4	1,037.7	790.7	450.4
Restructuring charges (credits)(a)	(0.8)	93.4	37.1	4.6	16.5	(3.4)	
Asset impairments and other(a)		152.0	2,200.9	20.3		(0.8)	(0.9)
Gain on sale of broadband assets						(299.0)	
Operating income (loss)	(3.6)	(221.1)	(2,093.5)	314.7	44.8	443.8	173.4
Minority interest expense	44.1	51.3	57.6	12.2	29.0	29.9	7.8
Interest expense and other financing costs(b)	163.6	168.1	164.2	254.3	77.2	106.6	122.1
Loss (gain) on investments(c)	356.3	(11.8)	10.7	10.9			
Income (loss) from continuing operations before discontinued operations, extraordinary items and cumulative effect of change in accounting principle	(403.3)	(315.8)	(2,431.2)	(69.0)	(51.8)	307.7	43.7
Net income (loss)(d)(e)	$ (377.1)	$ (286.2)	$ (4,222.3)		$ (1,842.9)	$ 393.6	
Earnings (loss) per common share from continuing operations(f):							
Basic	$ (1.95)	$ (1.50)	$ (11.18)	$ (0.33)	$ (0.27)	$ 1.38	$ 0.16
Diluted	$ (1.95)	$ (1.50)	$ (11.18)	$ (0.33)	$ (0.27)	$ 1.34	$ 0.15
Dividends declared per common share	$	$	$	$	$	$	$
Weighted average common shares outstanding (millions)							
Basic	211.7	217.4	218.4	243.6	218.3	218.9	244.1
Diluted	211.7	217.4	218.4	243.6	218.3	244.9	254.4

	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, Pro forma 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, Pro forma 2003	For the Nine Months Ended September 30, 2002	For the Nine Months Ended September 30, 2003
	(dollars in millions)								
Other Data									
Cash flow provided by (used in) operating activities	$ 328.4	$ 259.5	$ 192.6		$ 23.2	$ 123.5			
Cash flow provided by (used in) investing activities	(851.9)	(534.6)	192.4		268.6	4.2			
Cash flow provided by (used in) financing activities	480.6	267.2	(370.1)		(298.4)	(142.5)			
Non-cash interest expense	38.7	37.0	47.4		20.5	36.9			
EBITDA(g)									
Local Segment	$ 385.5	$ 407.0	$ 434.9	$ 434.9	$ 215.5	$ 296.9	$ 296.9	$ 324.9	$ 408.0
Wireless Segment	21.0	60.5	88.2	88.2	43.4	48.8	48.8	69.3	72.1
Other Segment	(18.4)	(1.8)	3.7	3.7	1.7	4.8	4.8	3.2	8.1
Corporate and Eliminations	6.9	(15.1)	145.7	191.6	189.9	(36.4)	(13.2)	172.5	(50.4)
Restricted Group(h)	395.0	450.6	672.5	718.4	450.5	314.1	337.3	569.9	437.8
Broadband Segment(i)	(330.6)	(110.4)	(4,128.6)	(23.0)	(1,981.2)	267.4	(6.2)	(1,929.7)	283.3

	Year Ended December 31,				Six Months Ended June 30,			For the Nine Months Ended September 30,	
Cincinnati Bell Inc. EBITDA(k)	$ 64.4	$ 340.2	$ (3,456.1)	$ 695.4	$ (1,530.7)	$ 581.5	$ 331.1	$ (1,359.8)	$ 721.1
Capital Expenditures									
Local Segment	$ 157.4	$ 121.4	$ 80.3		$ 34.5	$ 37.2			
Wireless Segment	84.2	52.0	29.5		20.8	16.1			
Other Segment	0.9	2.0	0.9		0.4	0.4			
Corporate and Eliminations	1.3	1.1	0.3						
Restricted Group	243.8	176.5	111.0		55.7	53.7			
BRCOM	599.9	472.0	64.9		44.0	3.8			
Cincinnati Bell Inc. Capital Expenditures	$ 843.7	$ 648.5	$ 175.9		$ 99.7	$ 57.5			
Operational Data (as of period end)									
Access Lines	1,049,087	1,031,951	1,011,866		1,021,497	1,000,461			
Wireless Subscribers	339,222	462,091	470,402		470,802	464,428			
DSL Subscribers	39,543	60,790	74,791		67,797	87,259			
Consumer Long Distance Lines	373,880	440,957	431,299		438,349	422,069			
Business Long Distance Lines	83,274	109,386	123,463		118,491	124,454			
Complete Connections® Subscribers	180,473	235,966	288,911		275,023	301,466			

	June 30, 2003	
	Actual	Pro forma
Financial Position		
Property, plant and equipment, net	$ 925.9	$ 925.9
Total assets	1,406.9	1,405.4
Total debt(b)	2,443.8	2,412.8
Long term debt(b)	2,194.8	2,377.1
Minority interest(l)	449.2	36.2
$6^3/_4$% Cumulative Convertible Preferred Stock(m)	129.4	129.4
Common shareowners' deficit	(2,109.4)	(1,574.6)

(a) See Notes 1, 2 and 3 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Notes 1, 2, 4 and 5 of Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(b) See Note 5 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 6 of Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(c) See Note 4 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(d) We adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") as of January 1, 2003. This statement requires entities to record the fair value of a legal liability for an asset retirement obligation in the period it is incurred. The removal cost is initially capitalized and depreciated over the remaining life of the underlying asset. The associated liability is accreted over the life of the underlying asset. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as income or loss on disposition. We determined the Local and Broadband segments did not have a liability under SFAS 143, while the Wireless segment and Other segment did have a liability. We recorded a liability for removal costs at fair value of approximately $2.6 million and an asset of approximately $2.3 million in the first quarter of 2003 related to the Wireless and Other segments. In addition, we recorded a non-recurring increase to net income as a change in accounting principle as of January 1, 2003 of $85.9 million, net

of tax. The Local segment recorded $86.3 million of income related to depreciation previously recorded for asset removal costs, offset by $0.4 million of expense recorded in the Wireless segment. The pro forma impact of this accounting change on prior periods is not material. See additional information in Note 1 to the Condensed Consolidated Financial Statements, included in our Form 10-Q for the quarter ended June 30, 2003.

(e)

We adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") on January 1, 2002. SFAS 142 requires cessation of the amortization of goodwill and indefinite lived intangible assets and annual impairment testing of those assets. Intangible assets that have finite useful lives will continue to be amortized. The goodwill test for impairment consists of a two-step process that begins with an estimation of the fair value of a reporting unit. The first step is a screen for impairment and the second step measures the amount of impairment, if any. We completed the first step of the goodwill impairment test for our Wireless and Broadband segments during the first quarter of 2002, which indicated that goodwill of our Broadband segment was impaired as of January 1, 2002. We completed the second step of the valuation for our Broadband segment by June 30, 2002. The valuation indicated an impairment charge of $2,008.7 million, net of taxes, was necessary. The impairment charge was required to be recorded as of January 1, 2002, and is reflected as a cumulative effect of change in accounting principle, net of taxes, in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 2 to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 for the reconciliation of 2000 and 2001 net loss adjusted to exclude amortization of goodwill and indefinite lived intangible assets pursuant to SFAS 142.

(f)

See Note 10 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 8 of the Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(g)

EBITDA represents net income before depreciation, amortization, interest and income taxes. Refer to Note (j) for the reconciliation of operating income to EBITDA for the segments and Note (k) for the reconciliation of consolidated net income to EBITDA. EBITDA should not be considered as an alternative to net income (loss) or operating income (loss) as an indicator of our operating performance, and may not be comparable with similarly titled measures presented by other companies. We believe EBITDA provides meaningful additional information on our performance, and we measure the operating performance of each of our business segments based on EBITDA.

(h)

EBITDA for the Restricted Group includes the following items:

	For the Year Ended December 31,				For the Six Months Ended June 30,			For the Nine Months Ended September 30,	
	2000	2001	2002	Pro forma 2002	2002	2003	Pro forma 2003	2002	2003
	(dollars in millions)								
Minority interest expense(1)	$ 44.2	$ 51.5	$ 58.1	$ 12.2	$ 29.1	$ 31.0	$ 7.8	$ 44.6	$ 43.6
Income from discontinued operations, net of tax(2)	$ 27.0	$ 29.6	$ 217.6	$ 217.6	$ 217.6			$ 217.6	$
Cumulative effect of change in accounting principle, net of tax(3)	$ (0.8)					$ 85.9	$ 85.9		$ 85.9
Gain (loss) on investments(4)	$ 38.2	$ 0.2	$ (10.9)	$ (10.9)				$ 0.6	
Other income (expense)(5)	$ 0.2	$ 20.6	$ (0.6)	$ (0.6)	$ 0.6	$ 0.2	$ 0.2	$ (0.8)	$ 0.7

(i)

EBITDA for the Broadband Segment includes the following items:

Asset impairments(6)		$ 152.0	$ 2,200.6	$ 20.0		
Cumulative effect of change in accounting principle, net of tax (3)			$ (2,008.7)		$ (2,008.7)	$ (2,008.7)
Gain (loss) on investments (4)	$ (394.5)	$ 11.6	$ 0.2			$ (0.2)

(1) See Note 8 of Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 9 of the Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on form 10-Q for the quarter ended June 30, 2003.

(2) See Note 14 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(3) See Note 1 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002. See Note 1 of Notes to the Condensed Consolidated Financial Statements included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(4) See Note 4 of Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(5) See Note 4 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002. The year ended December 31, 2001 includes a gain on insurance demutualization of $19.7 million. See Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(6) See Note 1 of Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(j) See reconciliation of operating income to EBITDA by segment below.

	For the Year Ended December 31,				For the Six Months Ended June 30,			For the Nine Months Ended September 30,	
	2000	2001	2002	Pro forma 2002	2002	2003	Pro forma 2003	2002	2003
	(dollars in millions)								
Local Segment									
Operating Income (Loss)	$ 261.5	$ 266.5	$ 285.3	$ 285.3	$ 142.5	$ 147.6	$ 147.6	$ 213.0	$ 227.1
Adjustments:									
Depreciation	125.0	140.3	146.7	146.7	71.7	62.3	62.3	109.9	93.9
Amortization									
Minority interest income (expense)									
Equity loss in unconsolidated entities									
Gain (loss) on investments									
Other income (expense)	(0.2)	0.2	2.9	2.9	1.3	0.7	0.7	2.0	0.7
Income from discontinued operations, net of tax									
Cumulative effect of change in accounting principle, net of tax	(0.8)					86.3	86.3		86.3

					For the Six Months Ended June 30,				
EBITDA	$ 385.5	$ 407.0	$ 434.9	$ 434.9	$ 215.5	$ 296.9	$ 296.9	$ 324.9	$ 408.0
Wireless Segment									
Operating Income (Loss)	$ (2.7)	$ 37.7	$ 69.1	$ 69.1	$ 34.2	$ 41.6	$ 41.6	$ 56.1	$ 61.0
Adjustments:									
Depreciation	18.2	25.3	30.9	30.9	14.7	15.1	15.1	22.8	22.5
Amortization	3.0	2.9	0.4	0.4	0.4	0.2	0.2	0.5	0.3
Minority interest income (expense)	2.9	(5.2)	(12.2)	(12.2)	(5.9)	(7.8)	(7.8)	(10.0)	(11.5)
Equity loss in unconsolidated entities									
Gain (loss) on investments									
Other income (expense)	(0.4)	(0.2)				0.1	0.1	(0.1)	0.2
Income from discontinued operations, net of tax									
Cumulative effect of change in accounting principle, net of tax						(0.4)	(0.4)		(0.4)
EBITDA	$ 21.0	$ 60.5	$ 88.2	$ 88.2	$ 43.4	$ 48.8	$ 48.8	$ 69.3	$ 72.1
Other Segment									
Operating Income (Loss)	$ (24.2)	$ (3.7)	$ 1.7	$ 1.7	$ 1.0	$ 3.6	$ 3.6	$ 1.8	$ 6.6
Adjustments:									
Depreciation	5.5	1.8	1.8	1.8	0.7	1.1	1.1	1.3	1.4
Amortization	0.7		0.1	0.1		0.1	0.1	0.1	0.1
Minority interest income (expense)									
Equity loss in unconsolidated entities									
Gain (loss) on investments									
Other income (expense)	(0.4)	0.1	0.1	0.1					
Income from discontinued operations, net of tax									
Cumulative effect of change in accounting principle, net of tax									
EBITDA	$ (18.4)	$ (1.8)	$ 3.7	$ 3.7	$ 1.7	$ 4.8	$ 4.8	$ 3.2	$ 8.1
Corporate and Eliminations									
Operating Income (Loss)	$ (12.6)	$ (19.5)	$ (12.0)	$ (12.0)	$ (4.3)	$ (12.9)	$ (12.9)	$ (8.8)	$ (18.5)
Adjustments:									
Depreciation	0.2	0.4	0.5	0.5	0.5	0.3	0.3	0.4	0.4
Amortization									
Minority interest income (expense)	(47.1)	(46.3)	(45.9)		(23.2)	(23.2)		(34.6)	(32.1)
Equity loss in unconsolidated entities									
Gain (loss) on investments	38.2	0.2	(10.9)	(10.9)				0.6	
Other income (expense)	1.2	20.5	(3.6)	(3.6)	(0.7)	(0.6)	(0.6)	(2.7)	(0.2)
Income from discontinued operations, net of tax	27.0	29.6	217.6	217.6	217.6			217.6	
Cumulative effect of change in accounting principle, net of tax									
EBITDA	$ 6.9	$ (15.1)	$ 145.7	$ 191.6	$ 189.9	$ (36.4)	$ (13.2)	$ 172.5	$ (50.4)

Restricted Group									
Operating Income (Loss)	$ 222.0	$ 281.0	$ 344.1	$ 344.1	$ 173.4	$ 179.9	$ 179.9	$ 262.1	$ 276.2
Adjustments:									
Depreciation	148.9	167.8	179.9	179.9	87.6	78.8	78.8	134.4	118.2
Amortization	3.7	2.9	0.5	0.5	0.4	0.3	0.3	0.6	0.4
Minority interest income (expense)	(44.2)	(51.5)	(58.1)	(12.2)	(29.1)	(31.0)	(7.8)	(44.6)	(43.6)
Equity loss in unconsolidated entities									
Gain (loss) on investments	38.2	0.2	(10.9)	(10.9)				0.6	
Other income (expense)	0.2	20.6	(0.6)	(0.6)	0.6	0.2	0.2	(0.8)	0.7
Income from discontinued operations, net of tax	27.0	29.6	217.6	217.6	217.6			217.6	
Cumulative effect of change in accounting principle, net of tax	(0.8)					85.9	85.9		85.9
EBITDA	$ 395.0	$ 450.6	$ 672.5	$ 718.4	$ 450.5	$ 314.1	$ 337.3	$ 569.9	$ 437.8
Broadband Segment (BRCOM)									
Operating Income (Loss)	$ (225.6)	$ (502.1)	$ (2,437.6)	$ (29.4)	$ (128.6)	$ 263.9	$ (6.5)	$ (156.8)	$ 297.1
Adjustments:									
Depreciation	197.1	273.4	291.1	6.4	143.4	2.2	0.3	217.2	2.4
Amortization	109.8	110.7	24.8		12.4			18.6	
Minority interest income (expense)	0.1	0.2	0.5		0.1	1.1		0.2	1.1
Equity loss in unconsolidated entities	(15.5)	(4.0)							
Gain (loss) on investments	(394.5)	11.6	0.2					(0.2)	
Other income (expense)	(2.0)	(0.2)	1.1		0.2	0.2			(17.3)
Income from discontinued operations, net of tax									
Cumulative effect of change in accounting principle, net of tax			(2,008.7)		(2,008.7)			(2,008.7)	
EBITDA	$ (330.6)	$ (110.4)	$ (4,128.6)	$ (23.0)	$ (1,981.2)	$ 267.4	$ (6.2)	$ (1,929.7)	$ 283.3

(k)

See reconciliation of net income to EBITDA for the consolidated results below:

Cincinnati Bell Inc. Consolidated									
Net Income (Loss)	$ (377.1)	$ (286.2)	$ (4,222.3)	$ 148.6	$ (1,842.9)	$ 393.6	$ 129.6	$ (1,838.9)	$ 438.4
Adjustments:									
Depreciation	346.0	441.2	471.0	186.3	231.0	81.0	79.1	351.6	120.6
Amortization	113.5	113.6	25.3	0.5	12.8	0.3	0.3	19.2	0.4
Interest expense and other financing costs	163.6	168.1	164.2	254.3	77.2	106.6	122.1	117.4	173.8
Income tax expense (benefit)	(181.6)	(96.5)	105.7	105.7	(8.8)			(9.1)	(12.1)
EBITDA	$ 64.4	$ 340.2	$ (3,456.1)	$ 695.4	$ (1,530.7)	$ 581.5	$ 331.1	$ (1,359.8)	$ 721.1

(1)

See Note 8 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 9 of the Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(m)

See Note 9 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(2) CAPITALIZATION

We urge you to read all the information contained in the following table together with our historical financial statements and related notes contained in our annual and other reports filed with the SEC.

The following table sets forth our capitalization as of June 30, 2003 (1) on an actual basis, (2) as adjusted to give effect to the sale of our broadband business, (3) as further adjusted to give effect to the BRCOM debt exchange offer, (4) as further adjusted to give effect to the BRCOM preferred exchange offer, (5) as further adjusted to give effect to the offering of the $7^{1}/_{4}$% Senior Notes and the use of proceeds therefrom and (6) as further adjusted to give effect to the Offering and the use of proceeds therefrom and related credit facilities amendment. The financial data presented below includes the results of the unrestricted subsidiaries.

	As of June 30, 2003					
	Actual	**As adjusted for the broadband sale**	**As adjusted for the broadband sale and the BRCOM debt exchange offer**	**As adjusted for the broadband sale, the BRCOM debt exchange offer and the BRCOM preferred exchange offer**	**As adjusted for the broadband sale, the BRCOM debt exchange offer, the BRCOM preferred exchange offer and the $7^{1}/_{4}$% Senior Notes offering**	**As adjusted for the broadband sale, the BRCOM debt exchange offer, the BRCOM preferred exchange offer, the $7^{1}/_{4}$% Senior Notes offering, the offering of the notes and the credit facilities amendment**
Cash and cash equivalents:(a)	$ 30.1	$ 49.9	$ 49.9	$ 49.9	$ 49.9	$ 49.9
Total debt (including current portion):						
Revolving credit facility	423.2	423.2	424.0	429.0	380.0	182.2
Term loan facilities						
Term Loan A	343.2	343.2	343.2	343.2	151.2	
Term Loan B	306.3	306.3	306.3	306.3	135.0	
Term Loan C	136.8	136.8	136.8	136.8	60.3	
Term Loan D(b)						525.0
Total credit facilities	1,209.5	1,209.5	1,210.3	1,215.3	726.5	707.2
$7^{1}/_{4}$% Senior Notes due 2023	50.0	50.0	50.0	50.0	50.0	50.0
Capital lease obligations and vendor financing	38.4	38.4	38.4	38.4	38.4	38.4
Cincinnati Bell Telephone notes	270.0	270.0	270.0	270.0	270.0	270.0
$7^{1}/_{4}$% Senior Notes due 2013					500.0	500.0
16% Senior subordinated discount notes	353.5	353.5	353.5	353.5	353.5	353.5
$8^{3}/_{8}$% Senior subordinated notes						540.0
9% Senior subordinated notes (BRCOM)	46.0	46.0				
Convertible subordinated notes(c)	522.7	522.7	522.7	522.7	522.7	
Unamortized discount(d)	(46.3)	(46.3)	(46.3)	(46.3)	(46.3)	(46.3)
Total debt	2,443.8	2,443.8	2,398.6	2,403.6	2,414.8	2,412.8

	As of June 30, 2003					
12.5% Preferred stock (BRCOM)	413.0	413.0	413.0			
Shareowners' deficit:						
$6^{3}/_{4}$% Cumulative Convertible Preferred Stock	129.4	129.4	129.4	129.4	129.4	129.4
Common shareowners' deficit	(2,238.8)	(2,201.5)	(2,155.8)	(1,695.3)	(1,703.5)	(1,704.0)
Total shareowners' deficit	(2,109.4)	(2,072.1)	(2,026.4)	(1,565.9)	(1,574.1)	(1,574.6)
Total capitalization	$ 747.4	$ 784.7	$ 785.2	$ 837.7	$ 840.7	$ 838.2

(a)
As adjusted Cash and cash equivalents reflects $19.8 million related to the broadband sale. We expect to use such amounts to settle retained liabilities of our unrestricted subsidiaries.

(b)
Proceeds from the Term Loan D facility will be used to prepay all outstanding term loans under our credit facilities, which totaled $346.5 million on a pro forma basis as of June 30, 2003 after giving effect to the transactions described in "Unaudited Pro Forma Condensed Consolidated Financial Information" (excluding the pro forma adjustments for the offering and credit facilities amendment) and after eliminating intercompany activity, and to permanently pay down our revolving credit facility by $178.5 million. We are currently finalizing the details of the amendment with our bank group.

(c)
Due to the continued accretion of paid-in-kind interest through the November 19, 2003 closing date, we expect the accreted value of the Convertible Subordinated Notes to be $540.8 million. We have entered into a purchase agreement with the holders of the Convertible Subordinated Notes to purchase their notes at a discounted price equal to 97% of the accreted value. We will use $524.6 million of proceeds from the offering to purchase all of the Convertible Subordinated Notes pursuant to the purchase agreement. We will use the additional proceeds of $15.4 million to pay the initial purchasers' discount and fees and expenses related to the offering of $11.8 million, and the remaining $3.6 million to pay fees and expenses related to the credit facility amendment and to reduce the outstanding borrowings under our revolving credit facility.

(d)
The unamortized discount of $46.3 million comprises $45.4 million of discount related to the 16% Senior Notes, $0.4 million of discount related to the $7^{1}/_{4}$% Senior Notes due 2023 and $0.5 million of discount related to the Cincinnati Bell Telephone notes.

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(3) SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

We urge you to read all the information contained in the following table together with our historical financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our annual and other reports filed with the SEC.

The selected historical consolidated financial data as of December 31, 1998, 1999, 2000, 2001 and 2002 and for each of the years ended December 31, 1998, 1999, 2000, 2001 and 2002 have been derived from our audited consolidated financial statements and the related notes. The selected historical consolidated financial data as of June 30, 2002 and 2003 and for each of the six-month periods ended June 30, 2002 and 2003, have been derived from our unaudited condensed consolidated financial statements and the related notes for such period, which in the opinion of our management include all adjustments, consisting only of normal recurring adjustments and other nonrecurring adjustments as disclosed, necessary to present fairly the financial results for such periods. Interim results are not necessarily indicative of the results that may be expected for any other interim period or for a full year. The financial data presented below includes the results of the unrestricted subsidiaries.

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in millions, except per share amounts and ratios)						

	Year Ended December 31,					Six Months Ended June 30,	
Operating Data							
Revenue	$ 791.6	$ 1,030.1	$ 1,973.7	$ 2,271.6	$ 2,155.9	$ 1,099.0	$ 931.3
Cost of services and products, selling, general and administrative, depreciation and amortization	655.6	921.0	1,978.1	2,247.3	2,011.4	1,037.7	790.7
Restructuring, asset impairments and other(a)	(1.1)	10.9	(0.8)	245.4	2,238.0	16.5	(4.2)
Gain on sale of broadband assets							(299.0)
Operating income (loss)	137.1	98.2	(3.6)	(221.1)	(2,093.5)	44.8	443.8
Minority interest expense (income)		(2.7)	44.1	51.3	57.6	29.0	29.9
Interest expense and other financing costs(b)	24.1	61.6	163.6	168.1	164.2	77.2	106.6
Loss (gain) on investments(c)			356.3	(11.8)	10.7		
Income (loss) from continuing operations before discontinued operations, extraordinary items and cumulative effect of change in accounting principle	56.1	9.8	(403.3)	(315.8)	(2,431.2)	(51.8)	307.7
Net income (loss)(g)(h)	$ 149.9	$ 31.4	$ (377.1)	$ (286.2)	$ (4,222.3)	$ (1,824.9)	$ 393.6
Earnings (loss) per common share from continuing operations(d):							
Basic	$ 0.41	$ 0.06	$ (1.95)	$ (1.50)	$ (11.18)	$ (0.27)	$ 1.38
Diluted	$ 0.40	$ 0.05	$ (1.95)	$ (1.50)	$ (11.18)	$ (0.27)	$ 1.34
Dividends declared per common share	$ 0.40	$ 0.20	$	$	$	$	$
Weighted average common shares outstanding (millions)							
Basic	136.0	144.3	211.7	217.4	218.4	218.3	218.9
Diluted	138.2	150.7	211.7	217.4	218.4	218.3	244.9
Financial Position							
Property, plant and equipment, net	$ 697.8	$ 2,510.9	$ 2,978.6	$ 3,059.3	$ 867.9	$ 2,930.9	$ 925.9
Total assets	1,041.8	6,505.4	6,477.6	6,312.0	1,467.6	4,018.7	1,406.9
Long-term debt(b)	366.8	2,136.0	2,507.0	2,702.0	2,354.7	2,543.8	2,194.8
Total debt(b)	553.0	2,145.2	2,521.0	2,852.0	2,558.4	2,605.8	2,443.8
Total long-term obligations(f)	464.6	3,158.3	3,105.0	3,277.5	2,972.8	3,117.0	2,851.6
Minority interest(e)		434.0	433.8	435.7	443.9	439.9	449.2
Shareowners' equity (deficit)	142.1	2,132.8	2,021.5	1,678.4	(2,548.3)	(163.5)	(2,109.4)
Other Data							
Cash flow provided by (used in) operating activities	$ 205.9	$ 314.3	$ 328.4	$ 259.5	$ 192.6	$ 23.2	$ 123.5
Cash flow provided by (used in) investing activities	(309.0)	(641.0)	(851.9)	(534.6)	192.4	268.6	4.2
Cash flow provided by (used in) financing activities	99.4	397.2	480.6	267.2	(370.1)	(298.4)	(142.5)
Capital expenditures	143.4	381.0	843.7	648.5	175.9	99.7	57.5
Ratio of earnings to fixed charges(i)	4.9	1.4					3.3
Pro forma ratio of earnings to fixed charges(i)							3.5

(a) See Notes 1, 2 and 3 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Notes 1, 2 and 4 of Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(b) See Note 5 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 6 of Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(c) See Note 4 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002.

(d) See Note 10 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 8 of the Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(e)

See Note 8 of Notes to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and Note 9 of the Notes to Condensed Consolidated Financial Statements, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(f)

Total long-term obligations comprise long-term debt, other noncurrent liabilities that will be settled in cash, redeemable preferred stock and the BRCOM Preferred Stock, which is classified as minority interest in the Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(g)

We adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") as of January 1, 2003. This statement requires entities to record the fair value of a legal liability for an asset retirement obligation in the period it is incurred. The removal cost is initially capitalized and depreciated over the remaining life of the underlying asset. The associated liability is accreted over the life of the underlying asset. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as income or loss on disposition. We determined the Local and Broadband segments did not have a liability under SFAS 143, while the Wireless segment and Other segment did have a liability. We recorded a liability for removal costs at fair value of approximately $2.6 million and an asset of approximately $2.3 million in the first quarter of 2003 related to the Wireless and Other segments. In addition, we recorded a non-recurring increase to net income as a change in accounting principle as of January 1, 2003 of $85.9 million, net of tax. The Local segment recorded $86.3 million of income related to depreciation previously recorded for asset removal costs, offset by $0.4 million of expense recorded in the Wireless segment. The pro forma impact of this accounting change on prior periods is not material. See additional information in Note 1 to the Condensed Consolidated Financial Statements, included in our Form 10-Q for the quarter ended June 30, 2003.

(h)

We adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") on January 1, 2002. SFAS 142 requires cessation of the amortization of goodwill and indefinite lived intangible assets and annual impairment testing of those assets. Intangible assets that have finite useful lives will continue to be amortized. The goodwill test for impairment consists of a two-step process that begins with an estimation of the fair value of a reporting unit. The first step is a screen for impairment and the second step measures the amount of impairment, if any. We completed the first step of the goodwill impairment test for our Wireless and Broadband segments during the first quarter of 2002, which indicated that goodwill of our Broadband segment was impaired as of January 1, 2002. We completed the second step of the valuation for our Broadband segment by June 30, 2002. The valuation indicated an impairment charge of $2,008.7 million, net of taxes, was necessary. The impairment charge was required to be recorded as of January 1, 2002, and is reflected as a cumulative effect of change in accounting principle, net of taxes, in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 2 to Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2002 for the reconciliation of 2000 and 2001 net loss adjusted to exclude amortization of goodwill and indefinite lived intangible assets pursuant to SFAS 142.

(i)

The ratio of earnings to fixed charges is determined as follows:

	Year Ended December 31,						Six Months Ended June 30,		
	1998	1999	2000	2001	2002	Pro forma 2002	2002	2003	Pro forma 2003
	(dollars in millions, except ratio)								
Pre-tax income (loss) from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees plus fixed charges	$ 138.7	$ 107.4	$ (348.9)	$ (173.1)	$ (2,089.4)	$ (2,089.4)	$ 52.6	$ 450.8	$ 450.8
Fixed Charges:									
Interest expense	24.2	65.5	188.3	191.7	173.3	163.5	82.3	107.2	98.3
Appropriate portion of rentals	3.9	7.7	10.7	13.9	13.5	13.5	6.6	6.6	6.6
Preferred stock dividends of majority subsidiaries		3.5	61.7	49.4	48.1	48.2	23.3	23.3	23.3
Total Fixed Charges	$ 28.1	$ 76.7	$ 260.7	$ 255.0	$ 234.9	$ 225.2	$ 112.2	$ 137.1	128.2
Ratio of earnings to fixed charges	4.9	1.4						3.3	3.5
Coverage Deficiency	n/a	n/a	$ 609.6	$ 428.1	$ 2,324.3	2,314.6	$ 59.6	n/a	n/a

(4) UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

We urge you to read all the information contained in this section together with the historical financial statements and related notes contained in our annual and other reports filed with the SEC.

The following unaudited pro forma condensed consolidated financial information reflects our results of operations for the year ended December 31, 2002 and the six-month period ended June 30, 2003 and our balance sheet as of June 30, 2003, after giving effect to all of the pro forma transactions described below. The unaudited pro forma statement of operations gives effect to the following transactions as if they had occurred on January 1, 2002, and the unaudited pro forma balance sheet as of June 30, 2003 gives effect to the following transactions as if they had occurred as of that date, except for the March 26, 2003 financing transactions and the June 13, 2003 first stage closing of the sale of our broadband business, which are included in the actual results as of June 30, 2003. The pro forma transactions include the following:

(a) The March 26, 2003 financing transactions, which included the following three items:

1) Our receipt of $350 million of gross cash proceeds from the issuance of the 16% Notes. The indenture governing the 16% Notes contains covenants, including restrictions on our ability to fund the operations of BRCOM and its subsidiaries. Proceeds from the Goldman mezzanine financing, net of fees related to the Goldman mezzanine financing and the amendment to our credit facilities, were used to pay down borrowings under our credit facilities. In addition, purchasers of the 16% Notes received 17.5 million warrants, each to purchase one share of Cincinnati Bell Common Stock at $3.00 per share, which were valued at $47.5 million upon issuance.

2) The amendment of our credit facilities which, among other things, extended the maturity on our revolving credit facility, accelerated the maturity of a portion of our Term Loan A facility, increased the interest rates, revised the financial covenants and allowed for the broadband asset sale.

3) The execution of a supplemental indenture in respect of the indenture governing the Convertible Subordinated Notes. The supplemental indenture provides that a bankruptcy of BRCOM and its subsidiaries would not constitute an event of default, amends the definition of change of control by increasing the ownership threshold deemed to be a change of control from 20% of outstanding shares to 45% of outstanding shares and includes covenants restricting our ability to incur debt and consummate certain asset dispositions. The supplemental indenture also adjusted the rate of accretion to 9.00% per annum from March 26, 2003 through July 21, 2004 and to 2.25% per annum from July 21, 2004 to July 21, 2009 (during which period the Convertible Subordinated Notes bear cash interest at a rate of 6.75% per annum payable semi-annually on January 21 and July 21 of each year, commencing on January 21, 2005).

(b) The consummation of the sale of our broadband assets pursuant to the asset purchase agreement entered into with CIII Communications LLC and CIII Communications Operations LLC. On June 13, 2003, we consummated the first (and most significant) stage closing of the sale of our broadband business, in which we transferred substantially all of our broadband assets except for those for which state regulatory approval for transfer was still pending and effectively transferred control of our broadband business. In connection with this first stage closing, the buyers paid the cash purchase price of $91.5 million, of which $29.3 million was placed into escrow to support certain potential purchase price adjustments and the portion of the purchase price payable upon the consummation of the second and third stage closings, and issued to us a $17.2 million preliminary promissory note in connection with a purchase price working capital adjustment. The preliminary promissory note is ultimately expected to have no value, which corresponds to the decrease in working capital from May 31, 2003 through the date of the first stage closing. On July 8, 2003, we consummated the second stage closing of the sale of our broadband business, and $10.3 million of the $29.3 million placed into escrow at the first stage closing was paid to us in cash. After the first and second stage closings, the

BRCOM selling subsidiaries had transferred assets in states representing approximately 87.5% of our 2002 broadband revenue to the buyers. On September 4, 2003, we consummated the third stage closing of the sale of our broadband business in which we transferred to the buyer all remaining assets located in states where regulatory approvals had been pending, and the buyer released to us $10.2 million of the cash purchase price that had been held in escrow pending regulatory approval. After the third stage closing, $8.8 million remains in escrow to support certain purchase price adjustments. We expect to receive none of the remaining cash in escrow as it will be used to satisfy post-closing obligations. No adjustments have been made in the unaudited pro forma condensed consolidated financial information for certain post-closing obligations as such amounts are not determinable. Furthermore, the application of the proceeds from the sale has not been reflected. In addition, at the first stage closing the buyers assumed $388.4 million in current and long-term liabilities and approximately $271.1 million of operating contractual commitments.

Subsequent to the closings, certain disputes arose with respect to the working capital and accounts receivable purchase price adjustments. In October 2003, the BRCOM selling subsidiaries reached a tentative agreement with the buyers to settle disputes related to the working capital and accounts receivable purchase price adjustments. The terms of this tentative settlement require the BRCOM selling subsidiaries to forfeit the $5.0 million in working capital escrow and the $3.8 million in accounts receivable escrow and pay an additional $0.5 million in cash to the buyers. Such tentative settlement is reflected in the unaudited pro forma condensed consolidated financial information.

In addition, we have indemnified the buyers against certain potential claims. The fair value of such indemnifications is reflected in the unaudited balance sheet as of June 30, 2003. In order to determine the fair value of the indemnification obligations, we performed a probability-weighted discounted cash flow analysis, utilizing the minimum and maximum potential claims and several scenarios within the range of possibilities. Such analysis produced an estimated fair value of the indemnification obligations totaling $7.8 million.

With the completion of the broadband sale, the only remaining BRCOM subsidiaries with operating assets are Cincinnati Bell Technology Solutions Inc., an information technology consulting subsidiary, and Cincinnati Bell Any Distance Inc, a subsidiary whose assets service Cincinnati Bell's long distance business. BCSI Inc., another subsidiary of BRCOM, is retaining a 3% interest in C III Communications LLC. This investment is reflected in the unaudited balance sheet at a value of $2.7 million as of June 30, 2003.

In connection with the broadband sale, we entered into a four-year agreement with the buyers to purchase wholesale long distance minutes for resale to our customers in the Greater Cincinnati area market. We are obligated to purchase long distance access minutes exclusively from the buyers of our broadband business at wholesale rates over the term of the agreement. Exclusivity under the agreement is subject to an annual competitive bid process, beginning in the second year of the agreement, which provides the buyers of our broadband business with a right of first refusal to match any other bid. The rate during the first year is $.05 per minute of use, or MOU, which is based on the historical rate per MOU. The agreement also provides that the buyers of our broadband business may provide us with certain administrative services, including billing, credit and collections and payment processing; however, we do not intend to utilize these services. There are no minimum or maximum commitments associated with the agreement.

Also in connection with the broadband sale, we entered into a four-year agreement to market the broadband services of the buyers of our broadband business in the Greater Cincinnati area. These services include long-haul transmission of data, voice and Internet traffic over dedicated circuits and/or virtual private networks. Under the marketing arrangement, we will be paid a fixed percentage monthly commission based on service revenue. We will be paid commissions for contracts existing at the close of the broadband sale as well as for any new contracts sold by us after the broadband sale closing. If the

revenue associated with customer contracts subject to the agreement falls below $0.5 million in any given month, the commission rate on each type of revenue will drop by 2% in that month.

(c) The BRCOM debt exchange offer and the BRCOM preferred exchange offer were completed on September 8, 2003. In connection with these transactions we issued approximately 25.2 million new shares of Cincinnati Bell Common Stock, an increase of 11.5% in the actual number of shares outstanding, at June 30, 2003.

(d) The offering of $500 million aggregate principal amount of $7^1/_4$% Senior Notes and the related prepayment of a portion of our term credit facilities and permanent pay down of our revolving credit facility, which was completed on July 11, 2003.

(e) The offering of the notes and the application of the proceeds therefrom as described under "Use of Proceeds" and the amendment to our credit facilities and the use of proceeds therefrom. Concurrently with the offering of the notes, we expect to amend our existing credit facilities to provide for a new Term Loan D facility of approximately $525 million. This offering is conditioned upon the execution of this amendment and the consent of our lenders under the credit facilities. The Term Loan D facility will be used to prepay all outstanding term loans under our credit facilities, which totaled $346.5 million, on a pro forma basis, as of June 30, 2003, after giving effect to the transactions described in "Unaudited Pro Forma Condensed Consolidated Financial Information" (excluding the pro forma adjustments for the offering and credit facilities amendment) and after eliminating intercompany activity, and to permanently pay down our revolving credit facility by $178.5 million. We expect the Term Loan D facility to mature in June 2008 and bear interest at a rate no greater than 275 basis points over LIBOR. We are currently finalizing the details of the amendment with our bank group.

The unaudited pro forma condensed consolidated financial information presented includes the above items as the financing transactions are considered to be material to existing and potential investors.

The adjustments, which are based upon available information and upon assumptions that we believe to be reasonable, are described in the accompanying notes. The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not indicative of the operating results or financial position that would have occurred if the transactions described above had been completed on the dates indicated, nor is it indicative of future operating results or financial position if the transactions described above are completed.

The unaudited pro forma condensed consolidated financial information presented includes the results of the unrestricted subsidiaries (unless otherwise noted).

Cincinnati Bell Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
(dollars in millions)

Six months Ended June 30, 2003

	Actual	Adjustments for financing transactions	Adjustments for broadband sale	Adjustments for BRCOM debt exchange offer	Adjustments for BRCOM preferred exchange offer	Adjustments for the $7\frac{1}{4}\%$ Senior Notes offering	Adjustments for the offering of the notes and the credit facilities amendment	Pro forma
Revenue	$ 931.3	$	$ (337.9)(e)	$	$	$	$	$ 622.9
			10.8 (f)					
			18.7 (g)					
Costs and Expenses								
Cost of services and products (excluding depreciation included below)	481.0		(253.8)(h)					256.7
			18.7 (i)					
			10.8 (j)					
Selling, general and administrative	228.4		(117.3)(k)					114.3
			3.2 (l)					
Depreciation	81.0		(1.9)(m)					79.1
Amortization	0.3							0.3
Restructuring	(3.4)		3.4 (n)					
Asset impairments and other	(0.8)		(0.1)(o)					(0.9)
Gain on sale of broadband assets	(299.0)		299.0 (p)					
Total costs and expenses	487.5		(38.0)					449.5
Operating income (loss)	443.8		(270.4)					173.4
Minority interest expense	29.9		1.1 (q)		(23.2)(x)			7.8
Interest expense and other financing costs	106.6	2.9 (a)		(2.1)(v)		18.7 (z)	23.2 (bb)	122.1
		17.8 (b)				(15.5)(aa)	(23.1)(cc)	
		2.6 (c)					10.8 (dd)	
							(19.8)(ee)	
Loss on investments								
Other expense (income), net	(0.4)		0.2 (r)					(0.2)
	307.7	(23.3)	(271.7)	2.1	23.2	(3.2)	8.9	43.7

	Six months Ended June 30, 2003							
Income (loss) from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle								
Income tax expense (ff)								
Income (loss) from continuing operations before discontinued operations and cumulative effect of change in accounting principle	307.7	(23.3)	(271.7)	2.1	23.2	(3.2)	8.9	43.7
Preferred stock dividends	5.2							5.2
Numerator for basic EPS income (loss) from continuing operations applicable to common shareowners	302.5	(23.3)	(271.7)	2.1	23.2	(3.2)	8.9	38.5
Preferred stock dividends convertible preferred stock	5.2		(5.2)(s)					
Interest expense, net of tax convertible subordinated notes	19.9		(19.9)(t)					
Numerator for diluted EPS income (loss) from continuing operations applicable to common shareowners	$ 327.6	$ (23.3)	$ (296.8)	$ 2.1	$ 23.2	$ (3.2)	$ 8.9	$ 38.5
Basic Earnings (Loss) Per Common Share Income (loss) from continuing operations	$ 1.38	$ (0.11)	$ (1.24)	$ 0.01	$ 0.10	$ (0.01)	$ 0.04	$ 0.16
Diluted Earnings (Loss) Per Common Share Income (loss) from continuing operations	$ 1.34	$ (0.09)	$ (1.33)	$ 0.01	$ 0.09	$ (0.01)	$ 0.04	$ 0.15
Weighted Average Common Shares Outstanding (millions)								
Basic	218.9			11.1 (w)	14.1 (y)			244.1
Diluted	244.9	5.6 (d)	(21.3)(u)	11.1 (w)	14.1 (y)			254.4

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Cincinnati Bell Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
(dollars in millions)

Year Ended December 31, 2002

	Actual	Adjustments for financing transactions	Adjustments for broadband sale	Adjustments BRCOM for debt exchange offer	Adjustments for BRCOM preferred exchange offer	Adjustments for the $7^{1}/_{4}$% Senior Notes offering	Adjustments for the offering of the notes and credit facilities amendment	Pro forma
Revenue	$ 2,155.9	$	$ (904.1)(kk)	$	$	$	$	$ 1,307.0
			11.7 (ll)					
			43.5 (mm)					
Costs and Expenses								
Cost of services and products (excluding depreciation included below)	1,027.7		(519.6) (nn)					563.3
			43.5 (oo)					
			11.7 (pp)					
Selling, general and administrative	487.4		(277.2)(qq)					217.3
			7.1 (rr)					
Depreciation	471.0		(284.7)(ss)					186.3
Amortization	25.3		(24.8)(tt)					0.5
Restructuring	37.1		(32.5)(uu)					4.6
Asset impairments and other	2,200.9		(2,180.6)(vv)					20.3
Total costs and expenses	4,249.4		(3,257.1)					992.3
Operating income (loss)	(2,093.5)		2,408.2					314.7
Minority interest expense	57.6		0.5 (ww)		(45.9)(bbb)			12.2
Interest expense and other financing costs	164.2	11.8(gg)		(4.1)(zz)		37.4 (ddd)	46.4 (fff)	254.3
		67.7(hh)				(30.8)(eee)	(44.4)(ggg)	
		17.9(ii)					24.9(hhh)	
							(36.7)(iii)	
Loss on investments	10.7		0.2 (xx)					10.9
Other expense (income), net	(0.5)		1.1 (yy)					0.6
Loss from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle	(2,325.5)	(97.4)	2,406.4	4.1	45.9	(6.6)	9.8	36.7
Income tax expense (jjj)	105.7							105.7
Loss from continuing operations before discontinued operations and cumulative effect of change in accounting principle	(2,431.2)	(97.4)	2,406.4	4.1	45.9	(6.6)	9.8	(69.0)
Preferred stock dividends	10.4							10.4

	Year Ended December 31, 2002							
Numerator for basic EPS income (loss) from continuing operations applicable to common shareowners	(2,441.6)	(97.4)	2,406.4	4.1	45.9	(6.6)	9.8	(79.4)
Preferred stock dividends convertible preferred stock								
Interest expense, net of tax convertible subordinated notes								
Numerator for diluted EPS income (loss) from continuing operations applicable to common shareowners	$ (2,441.6)	$ (97.4)	$ 2,406.4	$ 4.1	$ 45.9	$ (6.6)	$ 9.8	$ (79.4)
Basic Earnings (Loss) Per Common Share								
Loss from continuing operations	$ (11.18)	$ (0.45)	$ 11.02	$ 0.02	$ 0.20	$ (0.03)	$ 0.04	$ (0.33)
Diluted Earnings (Loss) Per Common Share								
Loss from continuing operations	$ (11.18)	$ (0.45)	$ 11.02	$ 0.02	$ 0.20	$ (0.03)	$ 0.04	$ (0.33)
Weighted Average Common Shares Outstanding (millions)								
Basic	218.4			11.1 (aaa)	14.1 (ccc)			243.6
Diluted	218.4	(jj)		11.1 (aaa)	14.1 (ccc)			243.6

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Cincinnati Bell Inc.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
(dollars in millions)

	As of June 30, 2003						
	Actual	Adjustments for broadband sale	Adjustments for BRCOM debt exchange offer	Adjustments for BRCOM preferred exchange offer	Adjustments for the 7 1/4% Senior Notes offering	Adjustments for the offering of the notes and the credit facilities amendment	Pro forma
Assets							
Current assets							
	$ 30.1	$ 19.8 (kkk)	$	$	$	$	$ 49.9

	As of June 30, 2003						
Cash and cash equivalents							
Receivables, less allowances	156.0	(6.0) (lll)					150.0
Materials and supplies	33.6						33.6
Deferred income tax benefits	10.2						10.2
Prepaid expenses and other current assets	46.9		(0.4) (rrr)	(3.1) (xxx)			43.4
Assets held for sale	12.3	(12.3)(mmm)					
Total current assets	289.1	1.5	(0.4)	(3.1)			287.1
Property, plant and equipment, net	925.9						925.9
Goodwill, net of accumulated amortization	40.9						40.9
Other intangibles, net	66.6						66.6
Deferred financing costs	31.9				3.0 (dddd)	(2.5) (hhhh)	32.4
Other noncurrent assets	52.5						