

CINCINNATI BELL INC
Form DEF 14A
March 18, 2010
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SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

Cincinnati Bell Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Cincinnati Bell Inc.
221 East Fourth Street
Cincinnati, Ohio 45202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 4, 2010

To Our Shareholders:

The 2010 Annual Meeting of Shareholders of Cincinnati Bell Inc. (the Company) will be held on Tuesday, May 4, 2010, at 11:00 a.m., Eastern Daylight Savings Time, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio, for the following purposes:

1. To elect eight directors to serve a one-year term ending in 2011;
2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm to audit the financial statements of the Company for the year 2010; and
3. To consider any other matters that may properly come before the meeting.

The Board of Directors has established the close of business on March 5, 2010 as the record date (the Record Date) for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting. Only shareholders of record at the close of business on the Record Date are entitled to vote on matters to be presented at the Annual Meeting.

Your vote is important. Your prompt response will also help reduce proxy costs and will help you avoid receiving follow-up telephone calls or mailings. Please vote as soon as possible.

Also, the Company has elected to take advantage of Securities and Exchange Commission rules that allow the Company to furnish proxy materials to you and other shareholders on the internet.

By Order of the Board of Directors
Christopher J. Wilson
Vice President, General Counsel and Secretary

March 17, 2010

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 4, 2010: The Proxy Statement and Annual Report are available at www.proxyvote.com

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**INFORMATION FOR SHAREHOLDERS THAT PLAN TO ATTEND THE
2010 ANNUAL MEETING OF SHAREHOLDERS**

The Queen City Club is located on the corner of Fourth Street and Broadway Street at 331 East Fourth Street, Cincinnati, Ohio. Below are directions to the Queen City Club located in downtown Cincinnati.

From I-71 Southbound: Take the Third Street exit to Broadway Street. Turn right on Broadway Street. Turn left on Fourth Street.

From I-75 Southbound: Take the Fifth Street exit to Broadway Street. Turn right on Broadway Street. Turn right on Fourth Street.

From I-71/I-75 Northbound: Cross the bridge over the Ohio River. Take the Fifth Street exit to Broadway Street. Turn right on Broadway Street. Turn right on Fourth Street.

From I-471 Northbound: Cross the bridge over the Ohio River. Take the Sixth Street exit to Sycamore Street. Turn left on Sycamore Street. Turn left on Fifth Street. Turn right on Broadway Street. Turn right on Fourth Street.

From Columbia Parkway Westbound: Take the Third Street exit to Main Street. Turn right on Main Street. Turn right on Fifth Street. Turn right on Broadway Street. Turn right on Fourth Street.

From Columbia Parkway Eastbound: Take the Fifth Street exit to Broadway Street. Turn right on Broadway Street. Turn right on Fourth Street.

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CINCINNATI BELL INC.

221 East Fourth Street

Cincinnati, Ohio 45202

PROXY STATEMENT

For the Annual Meeting of Shareholders

to be held on Tuesday, May 4, 2010

This Proxy Statement is furnished to the shareholders of Cincinnati Bell Inc., an Ohio corporation (the "Company"), in connection with the solicitation of proxies by the Board of Directors for use at the 2010 Annual Meeting of Shareholders. The Annual Meeting will be held on Tuesday, May 4, 2010, at 11:00 a.m., Eastern Daylight Savings Time, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio. The Notice of Annual Meeting of Shareholders, the Proxy Statement, the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and the Company's Summary 2009 Annual Report are being furnished to the shareholders on or about March 22, 2010.

The Company's Board of Directors has established the close of business on March 5, 2010 as the record date (the "Record Date") for determining shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting. Only shareholders of record at the close of business on the Record Date will be entitled to vote on matters to be presented at the Annual Meeting.

The agenda for the Annual Meeting is as follows:

1. To elect eight directors to serve a one-year term ending in 2011;
2. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm to audit the financial statements of the Company for the year 2010; and
3. To consider any other matters that may properly come before the meeting.

PLEASE VOTE YOUR VOTE IS IMPORTANT

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Cincinnati Bell Inc. is a full-service regional provider of data and voice communications services over wireline and wireless networks and a full-service provider of data center operations, related managed services and equipment. The Company provides telecommunications service to businesses and consumers in the Greater Cincinnati and Dayton areas primarily on its owned wireline and wireless networks with a well-regarded brand name and reputation for service. The Company also provides business customers with outsourced data center operations including related managed services in world class, state-of-the-art data center facilities. The Company operates in three segments: Wireline, Wireless, and Technology Solutions.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these proxy materials?

A: The Company's Board of Directors (the Board) is providing these proxy materials to you in connection with the Annual Meeting of Shareholders, which will take place on May 4, 2010. As a shareholder, you are invited to attend the meeting and are entitled to vote on the proposals described in this Proxy Statement.

Q: What information is contained in the package of materials that I received?

A: The combined Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2009, which includes our 2009 consolidated financial statements and Summary 2009 Annual Report, contains information relating to the proposals to be voted on at the meeting, the voting process, the compensation of directors and certain officers, and certain other information required by the rules and regulations of the Securities and Exchange Commission (the SEC) and the rules and listing standards of the New York Stock Exchange (the NYSE). Although you are encouraged to vote either by the internet or by telephone, these materials, if received in printed form, also include a proxy card or voting instruction card for your use in voting by mail or at the Annual Meeting.

Q: What proposals will be voted on at the meeting?

A: There are currently two proposals scheduled to be voted on at the meeting:

1. The election of eight directors to serve a one-year term ending in 2011; and
2. The ratification of the appointment of Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche LLP) as the independent registered public accounting firm (Independent Registered Public Accounting Firm) to audit the financial statements of the Company for the year 2010.

Q: What is the Board of Directors' voting recommendation?

A: The Board recommends that you vote your shares:

FOR each of the nominees to the Board; and

FOR the ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm to audit the financial statements of the Company for the year 2010.

Q: Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

A: Pursuant to the rules of the SEC, the Company has elected to provide access to our proxy materials over the internet. Accordingly, we sent a Notice of Internet Availability of Proxy Materials (the Notice) to our shareholders of record and beneficial owners, which instructs them as to

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how they may submit their proxy on the internet. If you would like to receive a paper copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. In addition, you may request to receive proxy materials in printed form by mail or by email on an ongoing basis.

Q: How can I get electronic access to the proxy materials?

A: Instructions regarding how to view the proxy materials for the Annual Meeting on the internet and to instruct the Company to send future proxy materials to you via email or in printed form are included in the

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Notice and on the website www.proxyvote.com. If you elect to receive future proxy materials by email, the Company will save the cost of printing and mailing the proxy materials. You will also receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. The election to receive proxy materials by email will remain in effect until you terminate it.

Q: What shares can I vote?

A: You may vote all Company common shares and 6³/₄% Cumulative Convertible Preferred Shares that you own (or for which you have been given the right to provide instruction as to how such shares should be voted) as of the close of business on the Record Date. This includes: (i) shares held directly in your name as the shareholder of record, including common shares purchased through the Cincinnati Bell Employee Stock Purchase Plan; (ii) shares that are held by a trust used in connection with a Company employee or director plan pursuant to which the value of such shares have been credited to your account under such plan; and (iii) shares held for you as the beneficial owner through a broker or other nominee.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Many Cincinnati Bell shareholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with Cincinnati Bell's transfer agent, Computershare Investor Services, LLC, you are considered the shareholder of record for those shares. As a shareholder of record, you may grant your voting proxy over the internet, by mail, by telephone or you may vote your shares in person at the meeting.

Beneficial Owner

If your shares are held in a stock brokerage account or by another nominee (including a trust used in connection with a Company employee or director plan), you are considered the beneficial owner of shares held in street name, and your broker or nominee is considered to be the shareholder of record. If you are a participant in the Cincinnati Bell Inc. Retirement Savings Plan or the Cincinnati Bell Inc. Savings and Security Plan, you are the beneficial owner of the shares credited to your account. As the beneficial owner, a Notice and/or proxy card was forwarded to you by the shareholder of record. As the beneficial owner, you may direct and provide voting instructions to your broker or nominee to vote the shares held in your account by proxy over the internet or by telephone by following the instructions provided in the Notice or the proxy card. You can also mail your proxy to the Company by following the instructions provided in the proxy card (if forwarded by your broker or nominee). You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting, unless you obtain a signed proxy from the shareholder of record authorizing you to vote the shares.

Q: How can I attend and vote my shares at the meeting?

A: Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. If you choose to attend the meeting and vote in person, you will need to provide proof of identification and then you will be presented a proxy card. Beneficial shares, held either in street name or credited to your account under a Company employee or director plan, cannot be voted at the Annual Meeting unless you obtain a signed proxy from the shareholder of record authorizing you to vote these shares.

Q: How can I vote my shares without attending the meeting?

A: The methods for voting without attending the meeting are:

By Internet If you have internet access, you may submit your vote from any location by following the instructions provided in the Notice or the proxy card.

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By Telephone If you live in the United States or Canada, you may submit your vote by following the **Vote by Phone** instructions provided in the Notice or the proxy card.

By Mail You may vote by mail by completing and signing your proxy card and mailing it in the accompanying enclosed, pre-addressed postage-paid envelope.

Q: What happens if I don't give specific voting instructions?

A: The effect of not providing specific voting instructions depends on if you are the shareholder of record or the beneficial owner of the shares.

Shareholder of Record

If you are a shareholder of record and (i) you indicate when voting on the internet or by telephone that you wish to vote as recommended by the Board, or (ii) you sign and return a proxy without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owner

If you are deemed to be the beneficial owner of shares and do not provide the broker or nominee that holds your shares with specific voting instructions, the broker or nominee that holds such shares may generally vote on *routine* matters but cannot vote on *non-routine* matters, as provided by the rules of the securities exchange trading the Company's shares. If the broker or nominee that holds such shares does not receive instructions on how to vote on a non-routine matter, the broker or nominee will inform the Inspector of Elections that it does not have authority to vote on such matter with respect to such shares. This is generally referred to as a broker non-vote. The Company encourages you to provide voting instructions to the broker or nominee that holds such shares by carefully following the instructions provided in the proxy card or as described above.

Q: Which ballot measures are considered *routine* or *non-routine* ?

A: Proposal 1 (election of directors) is considered a *non-routine* matter and your broker or nominee cannot vote your shares without your specific voting instructions. Proposal 2 (ratification of the Independent Registered Public Accounting Firm) is considered a *routine* matter which generally allows your broker or nominee to vote your shares on this matter even if you did not provide specific voting instructions.

Q: How are abstentions treated?

A: Abstentions are counted for the purpose of determining whether a quorum is present. For the purpose of determining whether shareholders have approved Proposal 1 (election of directors), abstentions are not treated as votes cast affirmatively or negatively, and therefore have no effect on the outcome of such proposal. For the purpose of determining whether shareholders have approved Proposal 2 (ratification of the Independent Registered Public Accounting Firm), abstentions will have a negative effect on the outcome of such proposals.

Q: Can I change my vote?

A: Yes. You may change your voting instructions at any time prior to the vote at the Annual Meeting. You may change your vote by either: (i) granting a new proxy or voting instructions bearing a later date (which automatically revokes the earlier proxy or voting instructions) whether made on the internet, by telephone or by mail; (ii) if you are a shareholder of record, notifying the Company's Secretary in writing that you want to revoke your earlier proxy; or (iii) if you are a shareholder of record, attending the Annual Meeting, giving notice of your proxy revocation in open meeting and voting in person. Please note that in order to revoke your previously granted proxy at the Annual Meeting, you must specifically request the revocation of your previous proxy.

Q: What does it mean if I receive more than one Notice or more than one proxy card?

A: It means that your shares are registered differently or are in more than one account. Please provide voting instructions for all Notices and proxy cards that you receive.

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Q: Where can I find the voting results of the meeting?

A: We will announce preliminary voting results at the meeting and publish final results in the Company's Report on Form 8-K, which will be filed on or before May 10, 2010.

Q: What happens if additional proposals are presented at the meeting?

A: Other than the proposals described in this Proxy Statement, we do not expect any matters to be presented for a vote at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Phillip R. Cox, Lynn A. Wentworth and John M. Zrno, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of the nominees are not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Q: What classes of shares are entitled to be voted?

A: Each common share and each 6³/₄% Cumulative Convertible Preferred Share outstanding as of the close of business on the Record Date is entitled to vote on all items being voted upon at the Annual Meeting. You are entitled to one vote for each common share and one vote for each 6³/₄% Cumulative Convertible Preferred Share you own of record on the Record Date or to provide instructions on how to vote such shares in which you have a beneficial interest. The 6³/₄% Cumulative Convertible Preferred Shares will vote with the common shares as one class on each of the proposals described in this Proxy Statement. There are no cumulative voting rights for either class of shares. On the Record Date, we had 201,122,890 common shares and 155,250 6³/₄% Cumulative Convertible Preferred Shares issued and outstanding.

Q: What is the quorum requirement for the meeting?

A: The quorum requirement for holding the meeting and transacting business is the presence, in person or by proxy, of a majority of the common and preferred shares issued and outstanding and entitled to vote at such meeting. However, if any particular action requires more than a simple majority because of the law, the NYSE rules, the Company's Amended Articles of Incorporation or the Company's Amended Regulations, that particular action will not be approved unless the required percentage of affirmative votes has been obtained or the required number of votes have been cast.

Abstentions are counted as present for the purpose of determining the presence of a quorum. If a routine matter is to be voted upon, broker non-votes are also counted as present for the purpose of determining the presence of a quorum. Since there is a routine matter to be voted upon this year, broker non-votes will be counted for determining the existence of a quorum.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc. (Broadridge) will tabulate the votes and act as the Inspector of Elections.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects voting privacy. Your vote will not be disclosed either within the Company or to third parties except (i) as necessary to meet applicable legal requirements, (ii) to allow for the tabulation of votes and certification of the vote, or (iii) to facilitate a successful proxy solicitation by the Board. Occasionally, shareholders provide written comments on their proxy card, which are forwarded to the Company's management.

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Q: Who will bear the cost of soliciting votes for the meeting?

A: The Company is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the proxy materials. If you choose to access the proxy materials and/or vote via the internet, you are responsible for any internet access charges you may incur. In addition to the costs of mailing the proxy materials, the Company may also incur costs to provide additional copies of these proxy materials (if requested) and for its directors, officers and employees to solicit proxies or votes in person, by telephone or by electronic communication. Our directors, officers and employees will not receive any additional compensation for such activities. We have hired Georgeson Inc. to solicit proxies for \$10,000 plus expenses. We have also hired Broadridge to assist us in facilitating the voting of proxies over the internet and serving as the Inspector of Elections. We will pay Broadridge a fee of approximately \$10,000 plus expenses for these services. We will also reimburse brokerage houses and other nominees for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

Q: What percentage of the Company's issued and outstanding voting shares do our directors and executive officers beneficially own?

A: Our directors and executive officers owned approximately 5.3% of our voting shares as of the Record Date.

Q: Do any of our shareholders hold more than 5% of the issued and outstanding shares of any class of the Company's voting stock?

A: As of the Record Date or an earlier date, if indicated, each of the following entities (together with their affiliates) indicated that it held more than 5% of the issued and outstanding common shares of the Company: BlackRock, Inc., GAMCO Investors, Inc., LSV Asset Management, Marathon Asset Management LLP, Peninsula Capital Advisors, LLC, The Vanguard Group, Inc, and Wells Fargo & Company. See page 23 for more details on the number of shares owned and percentage ownership as of the Record Date or an earlier date, if indicated.

Q: What is householding?

A: Householding is a process which allows the Company to reduce costs and increase efficiencies by mailing only one copy of Company communications to multiple shareholders, who reside at the same household mailing address. If you and other shareholders at the same household mailing address are currently receiving only one copy of Company communications but would like to receive separate copies or are currently receiving multiple copies of Company communications but would like to participate in our householding program, please see the instructions on page 55.

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BOARD STRUCTURE AND CORPORATE GOVERNANCE

Our business, property and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our President and Chief Executive Officer and other officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees.

General Information and Corporate Governance

The Company's Amended Regulations provide that the Board shall consist of not less than nine nor more than 17 persons, with the exact number to be fixed and determined by resolution of the Board or by resolution of the shareholders at any annual or special meeting of shareholders. At this time, the Board has determined that the Board shall consist of nine members.

As discussed in its Corporate Governance Guidelines, the Company has a long-standing policy that the positions of Chairman of the Board (currently held by Mr. Cox) and Chief Executive Officer (currently held by Mr. Cassidy) should be held by separate persons. The Company continues to believe that this structure is in the best interest of shareholders because it facilitates the Board's oversight of management, allows the independent directors to be more actively involved in setting agendas and establishing priorities for work of the Board, and is consistent with the principles of good corporate governance.

Our Board currently has the following four committees: (i) the Audit and Finance Committee, (ii) the Compensation Committee, (iii) the Governance and Nominating Committee, and (iv) the Executive Committee. The members and function of each committee are described below. During fiscal year 2009, the Board held 10 meetings, and no director attended less than 75% of all Board and applicable committee meetings during the period in which he or she served as a director.

Under the Company's Corporate Governance Guidelines, directors are expected to attend the Annual Meeting of Shareholders. All of the directors, who were on the Board at the time, attended the 2009 Annual Meeting of Shareholders.

For information on how to obtain a copy of the Company's Corporate Governance Guidelines, please see page 55.

Evaluation of Director Independence

In accordance with the rules and listing standards of the NYSE and the Company's Corporate Governance Guidelines, the Board affirmatively evaluates and determines the independence of each director and each nominee for election. Based on an analysis of information supplied by the directors, the Board evaluates whether any director has any material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company that might cause a conflict of interest in the performance of a director's duties.

Based on these standards, the Board determined that each of the following persons who served as a non-employee director in 2009 is (or was) independent and has (or had) no relationship with the Company, except as a director and shareholder:

Bruce L. Byrnes
Mark Lazarus
Daniel J. Meyer *
John M. Zrno

Phillip R. Cox
Robert W. Mahoney *
Alex Shumate

Jakki L. Haussler
Craig F. Maier
Lynn A. Wentworth

* Messrs. Mahoney and Meyer retired from the Board of Directors on May 1, 2009.

In addition, based on these standards, the Board determined that John F. Cassidy is not independent because he is the President and Chief Executive Officer of the Company.

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The non-management directors of the Company meet in executive session without management present at each regularly scheduled meeting of the Board. Mr. Cox presides at the meetings of the non-management directors.

Committees of the Board

The following table sets forth the membership of the committees of the Board for 2009:

Name of Director	Audit and Finance	Compensation	Governance and Nominating	Executive
<i>Non-Employee Directors (a)</i>				
Bruce L. Byrnes		*	* (Chair)	*
Phillip R. Cox	*	*	*	* (Chair)
Jakki L. Haussler	* (b)		*	
Mark Lazarus			*	
Craig F. Maier	* (b)	*		
Alex Shumate		* (b)	*	
Lynn A. Wentworth	* (Chair) (b)			* (b)
John M. Zrno	*	* (Chair)		*
<i>Employee Director</i>				
John F. Cassidy				*
<i>Former Directors (b)</i>				
Robert W. Mahoney	*			
Daniel J. Meyer	* (Chair)	*		*

(a) All Non-Employee Directors and Messrs. Mahoney and Meyer were determined by the Board to be independent directors.

(b) Messrs. Mahoney and Meyer served on the designated committees until their retirement on May 1, 2009. In conjunction with the retirement of Mr. Mahoney, Ms. Haussler joined the Audit and Finance Committee. In conjunction with the retirement of Mr. Meyer, Ms. Wentworth became the Chair of the Audit and Finance Committee and joined the Executive Committee, and Mr. Shumate joined the Compensation Committee. In addition, Mr. Maier switched from the Governance and Nominating Committee to the Audit and Finance Committee.

Audit and Finance Committee: The Audit and Finance Committee currently consists of five persons, none of whom is an executive officer of the Company. Until their retirements in May 2009, Mr. Mahoney served on this committee and Mr. Meyer served as Chair on this committee. The Audit and Finance Committee held five meetings during 2009. The purpose of the Audit and Finance Committee is, among other things, to assist the Board of Directors in its oversight of (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the Independent Registered Public Accounting Firm, (iv) the Company's risk assessment and risk management policies, and (v) the performance of the Company's internal audit function and Independent Registered Public Accounting Firm. To this end, the Audit and Finance Committee meets in executive session with its own members and may also meet separately with the Independent Registered Public Accounting Firm, the Company's internal auditors, General Counsel or members of management. The Audit and Finance Committee Charter provides a more detailed description of the responsibilities and duties of the Audit and Finance Committee. For information on how to obtain a copy of the Audit and Finance Committee Charter, please see page 55.

While the Board has ultimate responsibility for risk oversight, it delegates many of these functions to the Audit and Finance Committee. The Audit and Finance Committee receives regular updates on the Company's existing and emerging risks from the Managing Director of Internal Controls. The updates are based upon interviews with senior management of the Company as well as other key employees. The updates include risk rankings and a general description of risk mitigation activities pertaining to each item. The Audit and Finance Committee provides periodic updates to the full Board on risk oversight matters.

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In performing its duties, the Audit and Finance Committee meets as often as necessary and at least once each calendar quarter with members of management, the Company's internal audit staff and the Independent Registered Public Accounting Firm. An agenda for each such meeting is provided in advance to the members of the Audit and Finance Committee.

The Board determined that each member of the Audit and Finance Committee satisfies the independence requirements of the rules and regulations of the SEC and the independence and other requirements of the rules and listing standards of the NYSE. No member of the Audit and Finance Committee serves on the audit committees of more than three public companies. In addition, the Board determined that Ms. Wentworth is an audit committee financial expert as defined in the regulations of the SEC and that each member of the Audit and Finance Committee is financially literate as defined by the rules and listing standards of the NYSE.

Compensation Committee: The Compensation Committee currently consists of five persons, none of whom is an executive officer. Prior to his retirement in May 2009, Mr. Meyer served as a member on this committee. The Compensation Committee held six meetings during 2009. The Compensation Committee is responsible for, among other things, ensuring that directors and certain key executives are effectively and competitively compensated in terms of base compensation and short- and long-term incentive compensation and benefits. In addition, the Compensation Committee evaluates the performance of the Chief Executive Officer and reviews with management the succession planning process for key executive positions. The Compensation Committee Charter provides a more detailed description of the responsibilities and duties of the Compensation Committee. For information on how to obtain a copy of the Compensation Committee Charter, please see page 55.

In performing its duties, the Compensation Committee meets at least three times each calendar year. The Compensation Committee also meets separately with the Company's Chief Executive Officer and other corporate officers, as it deems appropriate, to establish and review the performance criteria and compensation of the Company's executive officers. An agenda for each meeting is provided in advance to the members of the Compensation Committee.

The Board determined that each member of the Compensation Committee satisfies the independence requirements of the rules and listing standards of the NYSE.

Governance and Nominating Committee: The Governance and Nominating Committee currently consists of five persons, none of whom is an executive officer. The Governance and Nominating Committee held four meetings during 2009. The Governance and Nominating Committee, among other things, identifies individuals to become members of the Board, periodically reviews the size and composition of the Board, evaluates the performance of Board members, makes recommendations regarding the determination of a director's independence, recommends committee appointments and chairpersons to the Board, periodically reviews and recommends to the Board updates to the Company's Corporate Governance Guidelines and related Company policies and oversees an annual evaluation of the Board and its committees. The Governance and Nominating Committee Charter provides a more detailed description of the responsibilities and duties of the Governance and Nominating Committee. For information on how to obtain a copy of the Governance and Nominating Committee Charter, please see page 55.

In performing its duties, the Governance and Nominating Committee meets at least four times each calendar year. The Chief Executive Officer and the Secretary of the Company typically attend the meetings of the Governance and Nominating Committee. An agenda for each such meeting is provided in advance to the members of the Governance and Nominating Committee.

The Board determined that each member of the Governance and Nominating Committee satisfies the independence requirements of the rules and listing standards of the NYSE.

Executive Committee: The Executive Committee consists of five persons, one of whom is the President and Chief Executive Officer of the Company. Prior to his retirement in May 2009, Mr. Meyer served on this committee. The Committee held no meetings during 2009. The Executive Committee acts on behalf of the Board in certain matters, when necessary, between Board meetings.

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Director Nominations

The Governance and Nominating Committee will consider director candidates recommended by shareholders. The Governance and Nominating Committee did not receive, and therefore did not consider, any recommendations for director candidates by any shareholder for the 2010 Annual Meeting.

The Governance and Nominating Committee uses the following process to identify and evaluate director nominee candidates. Any qualified individual or group, including shareholders, incumbent directors and members of senior management, may at any time propose a candidate to serve on the Board. Background information on proposed candidates is forwarded to the Governance and Nominating Committee. The Governance and Nominating Committee reviews forwarded materials relating to prospective candidates in the event of a director vacancy. A candidate selected from the review is interviewed by each member of the Governance and Nominating Committee, unless the member waives the interview requirement. If approved by the Governance and Nominating Committee, the candidate will be recommended to the full Board for consideration. The Governance and Nominating Committee evaluates shareholder-recommended candidates in the same manner as it evaluates all other candidates.

All nominees to the Board should possess the following attributes:

Established leadership reputation in his/her field;

Known for good business judgment;

Active in business;

Knowledge of business on a national/global basis;

Meets high ethical standards; and

Commitment to regular board/committee meeting attendance.

In addition, the Board will consider the following factors:

The nominee's familiarity with the field of telecommunications; and

Whether the nominee would contribute to the gender, racial and/or geographical diversity of the Board.

While the Company has not adopted a formal process or policy for making sure that diversity exists on the Board, the selection criteria used by the Governance and Nominating Committee when considering director nominees, as noted above, includes as a factor whether a nominee would contribute to the gender, racial and/or geographical diversity of the Board.

Table of Contents**DIRECTOR COMPENSATION****Director Compensation Arrangements**

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. In setting director compensation, the Company considers the significant amount of time that Directors spend in fulfilling their duties to the Company as well as the skill-level required.

Compensation for Employee Directors

Directors who are also employees of the Company (or any subsidiary of the Company) receive no additional compensation for serving on the Board or its committees.

General Compensation Policy for Non-Employee Directors

Directors who are not employees of the Company or any subsidiary of the Company (non-employee directors) receive compensation from the Company for their service on the Board. The Company changed the compensation it pays to non-employee directors beginning in 2010. The table below sets forth the compensation for non-employee directors in 2009 and 2010.

Compensation Element	2009	2010
Per Meeting Fee	\$2,000(a) or \$1,000(b)	None
Annual Chairman of the Board Retainer	\$180,000	\$ 180,000
Annual Board Retainer	\$50,000	\$ 70,000
Annual Audit and Finance Committee Chairman Retainer	\$17,500	\$ 27,000
Annual Audit and Finance Committee Member Retainer	\$5,000	\$ 15,000
Annual Compensation Committee Chairman Retainer	\$10,000	\$ 18,000
Annual Compensation Committee Member Retainer	\$2,500	\$ 10,000
Annual Governance and Nominating Committee Chairman Retainer	\$8,500	\$ 16,000
Annual Governance and Nominating Committee Member Retainer	\$2,500	\$ 10,000

(a) For each meeting attended in person.

(b) For each meeting attended by telephone.

Non-Employee Directors Deferred Compensation Plan

The Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors (the Directors Deferred Compensation Plan) currently allows each non-employee director of the Company to defer receipt of all or a part of his or her director fees and annual retainers and to have such deferred amounts credited to an account of the director under the plan. A non-employee director may also choose to have such deferrals assumed to be invested among a number of investment options that are designated for this purpose by the Compensation Committee of the Board, and his or her account under the plan is adjusted by the investment returns that would result if such amounts were invested in the investment options that he or she chooses.

In addition, annually each non-employee director of the Company on the first business day of the year has his or her account under the Directors Deferred Compensation Plan credited on such date with an amount equal to the value of 6,000 common shares of the Company. Subject to future changes in the plan, each non-employee director of the Company may, in the discretion of the Board, also have his or her account under the plan credited on any other date with an amount equal to the value of a number of Company common shares determined by the Board. The Board will exercise its discretion in crediting amounts to the plan accounts of the non-employee directors with the intent that such credits, together with other compensation that either is paid in the form of Company common shares or has its value determined in relation to the value of common shares (such grants and such other compensation referred to as Company equity-based compensation), is approximately equal to the median level of the value of equity-based compensation provided by comparable companies to their

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non-employee directors. A non-employee director's account under the plan is also adjusted by the investment returns that would result if such amounts were invested exclusively in common shares of the Company. A non-employee director will generally be vested in the amounts credited to his or her account under the plan only if he or she completes at least five years of active service as a non-employee director of the Company (with a fraction of a year of service as a non-employee director being rounded up or down to the nearest whole year) or if he or she dies while a member of the Board.

A non-employee director of the Company may also have had additional amounts credited to his or her account under the Directors Deferred Compensation Plan based on his or her deferral of director fees and annual retainers for earlier years or on other extra amounts that were credited by the Company to his or her account under the plan prior to such year. The portion of a non-employee director's account under the plan that is attributable to such earlier credited amounts is also adjusted by the investment returns that would result if such amounts were invested in investment options that he or she chooses, in common shares or in other investments, depending on the particular credits that are involved.

Other than for certain circumstances described below and subject to future changes in the Directors Deferred Compensation Plan, a non-employee director of the Company can, if he or she complies with specific election rules and procedures set forth in or adopted under the plan and with the requirements of applicable law (including the American Jobs Creation Act of 2004, which generally applies to any compensation of a non-employee director that is credited to his or her account under the plan in 2005 or any later year), elect that the vested amounts credited to his or her account under the Directors Deferred Compensation Plan will not be received by him or her (and thereby generally will not be subject to federal income tax) until after he or she has ceased to be a member of the Board or until a specific year he or she chooses that is not earlier than the year in which the sixth anniversary of his or her deferral election occurs. When the vested amounts are to be paid, he or she generally may elect to have the amounts distributed in a lump sum or in up to ten annual installments.

Each payment made to a non-employee director of the vested amounts credited to his or her account under the Directors Deferred Compensation Plan is made in the form of cash to the extent such amounts are deemed to be invested under the plan other than in common shares and will be distributed in the form of common shares to the extent such amounts are deemed to be invested under the plan in such shares; except that (i) the vested portion of his or her account under the plan that is attributable to the annual credits that are or have been made to his or her plan account for serving as a member of the Board and (ii) the value of any vested amount that is deemed to be invested in a fractional common share will, in each such case, only be paid in cash.

The Company will reimburse a non-employee director for all reasonable commissions or similar costs he or she incurs in selling any common shares he or she receives under the Directors Deferred Compensation Plan, or make arrangements to permit the director to have such shares sold without commissions or similar fees charged to him or her, if the director wants to sell such shares shortly (generally within two weeks) after he or she receives them.

The Directors Deferred Compensation Plan provides three exceptions to the rules regarding the timing of distributions of a non-employee director's account under the plan: (i) in the event of a change in control of the Company; (ii) at the election of the non-employee director in the event of severe financial hardship; and (iii) at the election of the non-employee director if he or she agrees to certain forfeitures and restrictions (although under the American Jobs Creation Act of 2004, this final exception cannot apply to amounts attributable to compensation credited on or after January 1, 2005 to a non-employee's account under the plan).

Until paid, all amounts credited to a non-employee director's account under the Directors Deferred Compensation Plan are not funded or otherwise secured, and all payments under the plan are made from the general assets of the Company.

The Directors Deferred Compensation Plan must comply with the requirements of the American Jobs Creation Act of 2004 in order to retain its ability to defer federal income tax on certain amounts credited to a non-employee director's account under the plan. The Company has amended the plan to meet the requirements of the American Jobs Creation Act of 2004, and will make further amendments as necessary to comply with the regulations adopted by the IRS to implement the Act.

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Non-Employee Directors Stock Option Plan

The Company grants its non-employee directors stock options to purchase common shares and/or time-based restricted shares under the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors (the 2007 Directors Stock Option Plan). Pursuant to the current terms of such plan, each non-employee director of the Company, at the discretion of the Board, may be granted a stock option for a number of common shares and/or a number of restricted common shares (as determined by the Board) on the date of each annual meeting, if such director first became a non-employee director of the Company before the date of such annual meeting and continues in office as a non-employee director after such meeting.

The Board has decided to annually grant time-based restricted shares with an aggregate value of \$35,000 on the date of grant to each incumbent, non-employee director. These restricted shares will not vest until the third anniversary of the grant date and payment of such grants will be deferred until such non-employee director ceases to be a director of the Company.

The Board will exercise its discretion in granting such options and/or time-based restricted shares with the intent that such grants, together with other Company equity-based compensation, provide Company equity-based compensation that is competitive with the value of equity-based compensation provided by comparable companies to their non-employee directors.

Each stock option granted to a non-employee director under the 2007 Directors Stock Option Plan, or a predecessor plan, requires that, upon the exercise of the option, the price to be paid for the common shares that are being purchased under the option will be equal to 100% of the fair market value of such shares as determined at the time the option is granted. With certain exceptions provided in the 2007 Directors Stock Option Plan, a non-employee director of the Company who is granted an option under the plan generally will have ten years from the date of the grant to exercise the option.

In general, each restricted share award will require that the restrictions not lapse in full unless the non-employee director continues to serve as a director of the Company for at least three years after the award grant date or ends service as a Company director under special circumstances (e.g., death, disability, or attaining retirement age). In addition, payment for these awards will be deferred until the non-employee director no longer serves as a director of the Company.

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The following table shows the compensation paid to our non-employee directors for the 2009 fiscal year.

Director Compensation for Fiscal 2009

Name	Fees Earned or Paid in Cash (\$) (a)	Stock Awards (\$) (b)(c)	Option Awards (\$) (c)	Total (\$)
Bruce L. Byrnes	92,000	46,640		138,640
Phillip R. Cox	280,000	46,640		326,640
Jakki L. Haussler	80,250	46,640		126,890
Mark Lazarus	66,667	35,000		101,667
Craig F. Maier	87,875	46,640		134,515
Alex Shumate	77,375	46,640		124,015
Lynn A. Wentworth	86,375	46,640		133,015
John M. Zrno	97,000	46,640		143,640
Robert W. Mahoney (retired)	38,500	11,640		50,140
Daniel J. Meyer (retired)	51,000	11,640		62,640

- (a) Board fees included deferred compensation during 2009 for those directors who deferred some or all of their cash retainer/fees.
- (b) The values reflect the grant-date fair value of the time-based restricted awards granted on May 1, 2009 for all except Messrs. Mahoney and Meyer, and the amounts credited to the Directors Deferred Compensation Plan, except for Mr. Lazarus, which was equal to the value of 6,000 common shares on January 2, 2009. For a discussion of the valuation assumptions and methodology, see Note 13 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2009.
- (c) As of December 31, 2009, the non-employee directors (and two former directors) held an aggregate of 187,852 unvested stock awards and an aggregate of 441,175 option awards (granted in years prior to 2008), as set forth below:

Name	Number of Stock Awards Outstanding as of December 31, 2009	Number of Option Awards Outstanding as of December 31, 2009
Bruce L. Byrnes	20,097	61,000
Phillip R. Cox	20,097	78,925
Jakki L. Haussler	26,097	
Mark Lazarus	12,635	
Craig F. Maier	18,635	
Alex Shumate	44,097	43,000
Lynn A. Wentworth	26,097	
John M. Zrno	20,097	134,250
Robert W. Mahoney (retired)		52,000
Daniel J. Meyer (retired)		72,000

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2009, the members of the Compensation Committee included Messrs. Byrnes, Cox, Maier, and Zrno, and for a portion of the year, Messrs. Meyer and Shumate. None of the Compensation Committee's members has at any time been an officer or employee of the Company. None of the Company's executive officers serves, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the Company's Board or Compensation Committee.

CODE OF BUSINESS CONDUCT AND CODES OF ETHICS

The Company has a Code of Business Conduct applicable to all officers and employees that describes requirements related to ethical conduct, conflicts of interest and compliance with laws. In addition to the Code of Business Conduct, the Chief Executive Officer and senior financial officers are subject to the Code of Ethics for Senior Financial Officers and the directors are subject to the Code of Ethics for Directors.

For information on how to obtain a copy of the Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers or Code of Ethics for Directors, please see page 55.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present a heightened risk of potential or actual conflicts of interest. Accordingly, as a general matter, it is the Company's preference to avoid related party transactions. Current SEC rules define a related party transaction to include any transaction, arrangement or relationship (i) in which the Company is a participant, (ii) in which the transaction has an aggregate value greater than \$120,000, and (iii) in which any of the following persons has or will have a direct or indirect interest:

an executive officer, director or director nominee of the Company;

any person who is known to be the beneficial owner of more than 5% of the Company's common shares;

any person who is an immediate family member (as defined under Item 404 of Regulation S-K) of an executive officer, director or director nominee or beneficial owner of more than 5% of the Company's common shares; or

any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person, together with any other of the foregoing persons, has a 5% or greater beneficial ownership interest. The Company's Code of Ethics for Senior Financial Officers, the Company's Code of Ethics for Directors and the Company's Code of Business Conduct require directors, officers and all other members of the workforce to avoid any relationship, influence or activity that would cause or even appear to cause a conflict of interest. The Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers and Code of Ethics for Directors generally require (i) a director to promptly disclose to the Governance and Nominating Committee any potential or actual conflict of interest involving him or her and (ii) an employee, including the executive officers, to promptly disclose a conflict of interest to the General Counsel. The Governance and Nominating Committee (and, if applicable, the General Counsel) determines an appropriate resolution to actual or potential conflicts of interest on a case-by-case basis. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests.

All related party transactions shall be disclosed in the Company's applicable filings with the Securities and Exchange Commission as required under SEC rules. In 2009, the related party transactions required to be disclosed are as follows:

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Mr. Cassidy, a director and President and Chief Executive Officer of the Company, serves as a trustee for the Boomer Esiason Foundation (the Foundation), a non-profit corporation established to provide support to find a cure for cystic fibrosis. In 2009, the Company donated approximately \$280,000 of in-kind services to the Foundation. The Company believes that Mr. Cassidy received no personal benefit in connection with the Company providing these in-kind services and, therefore, has no interest in this transaction.

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ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

The Company's Amended Regulations provide that the Board shall consist of not less than nine nor more than 17 persons, with the exact number to be fixed and determined by resolution of the Board or by resolution of the shareholders at any annual or special meeting of shareholders. The Board has determined that the Board shall consist of nine members. The Board presently has nine members, one of whom is an officer of the Company.

At the 2008 Annual Meeting of Shareholders, the Company's Amended Articles of Incorporation were amended to declassify the Board in accordance with the following procedures:

Current directors, including those elected to three-year terms at the 2008 Annual Meeting of Shareholders, would continue to serve the remainder of their elected terms; and

Starting with the 2009 Annual Meeting of Shareholders, directors seeking election to a new term would be elected annually, so that by the 2011 Annual Meeting of Shareholders, all directors would be elected annually.

The directors will serve until their respective successors are elected and qualified. In light of the shareholders' approval to declassify the Board and require the annual election of directors, the Board has determined that any directorship vacancy filled during the transition period will require that the director stand for election at the next annual meeting of shareholders. Any persons appointed in 2010 to fill any vacancy on the Board would be appointed to serve only until the 2011 Annual Meeting of Shareholders.

The Board nominated Bruce L. Byrnes, Phillip R. Cox, Jakki L. Haussler, Mark Lazarus, Craig F. Maier, Alex Shumate, Lynn A. Wentworth and John M. Zrno, all of whom are incumbent directors, to serve until the 2011 Annual Meeting of Shareholders. Mr. Cassidy, who is not up for re-election this year, is also serving the remainder of a three-year term that expires at the 2011 Annual Meeting of Shareholders.

If, at the time of the Annual Meeting, one or more of the nominees should be unavailable or unable to serve as a candidate, the shares represented by the proxies will be voted to elect the remaining nominees, if any, and any substitute nominee or nominees designated by the Board. The Board knows of no reason why any of the nominees will be unavailable or unable to serve.

Information regarding the business experience of each nominee is provided below.

Majority Vote Requirements; Holdover Directors

A director nominee who receives a majority of the votes cast will be elected to the Board. If a director nominee is an incumbent director and does not receive a majority of the votes cast, the Company's Amended Regulations require that such holdover director promptly tender his or her resignation to the Board, subject to acceptance by the Board. The Governance and Nominating Committee would make a recommendation to the Board as to whether to accept or reject the holdover director's resignation or whether other action should be taken. The Board will act on the tendered resignation by the holdover director, taking into account the Governance and Nominating Committee's recommendation, and publicly disclose its decision regarding the tendered resignation of the holdover director and the rationale behind the decision within 90 days from the date of the certification of the election results by the Inspector of Elections. The Governance and Nominating Committee in making its recommendation and the Board in making its decision may consider any factors or other information that they consider appropriate and relevant. The holdover director who tenders his or her resignation shall not participate in the recommendation of the Governance and Nominating Committee or the decision of the Board with respect to his or her tendered resignation.

If a holdover director's resignation is accepted by the Board pursuant to the Company's Amended Regulation, the Board may either fill the resulting vacancy or, if permitted, may decrease the size of the Board in accordance with law and the Company's Amended Regulations.

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Vote Required

A director nominee must receive a majority of the votes cast to be elected to the Board. Because neither abstentions nor broker non-votes will be considered as votes cast in the election of directors, they will not have an effect on the outcome of election.

Our Recommendation

The Board recommends election of each of the nominees.

The following are brief biographies of each director of the Company, including those nominated for election.

NOMINEES FOR DIRECTORS

(Terms Expire in 2011)

Bruce L. Byrnes

Mr. Byrnes is retired. He was Vice Chairman – Global Brand Building Training of The Procter & Gamble Company (a consumer products company) from July 2007 through June 2008. Prior to that, he was Vice Chairman and President – Global Household Care of The Procter & Gamble Company. From 2002 through 2004, he served The Procter & Gamble Company as Vice Chairman of the Board and President – Global Beauty & Feminine Care and Global Health Care. He is a director of Boston Scientific Corp. Director since 2003. Age 61.

With his years of business and marketing experience at The Procter & Gamble Company, Mr. Byrnes brings to the Board of Directors demonstrated management ability at the highest levels of a large corporation. This experience gives Mr. Byrnes critical insights into the strategic, marketing and operational aspects of running a successful business and makes him a valuable asset to the Board of Directors, as Chairman of the Governance and Nominating Committee and as a member of the Compensation Committee.

Phillip R. Cox

Mr. Cox has been President and Chief Executive Officer of Cox Financial Corporation (a financial planning services company) since 1972. He is a current director of The Timken Company, Diebold Inc. and Touchstone Mutual Funds. He is a former director of the Federal Reserve Bank of Cleveland, Duke Energy Corporation, and Long Stanton Manufacturing Company. Director since 1993. Age 62.

With his years of entrepreneurial and managerial experience in the development and growth of Cox Financial Corporation, coupled with the experience he has gained from serving on the audit and compensation committees of several public company boards, Mr. Cox brings a valuable perspective to the Company's Board of Directors. In addition, having served as Chairman of the Company's Board of Directors since 2003, Mr. Cox has demonstrated an effective management style and the ability to facilitate the Board's primary oversight functions.

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Jakki L. Haussler

Ms. Haussler has served as Chairman and Chief Executive Officer of Opus Capital Group (a registered investment advisory firm) since 1996. She is a current director of Capvest Venture Fund, LP. She is also a partner of Adena Ventures, LP (a venture capital fund). She is a former director of The Victory Funds. Director since 2008. Age 52.

With 30 years of experience in the financial services industry, including her years of entrepreneurial and managerial experience in the development and growth of Opus Capital Group, Ms. Haussler brings a valuable perspective to the Company's Board of Directors. Through her role at Opus Capital and her service as a director of several venture capital funds and other boards, Ms. Haussler has gained valuable experience dealing with accounting principles and evaluating financial results of large corporations. She is a certified public accountant (inactive) and is a licensed attorney in the State of Ohio. This experience, coupled with her educational background, makes her a valuable asset to the Board of Directors, the Audit and Finance Committee and the Governance and Nominating Committee.

Mark Lazarus

Mr. Lazarus has served as President of Media and Marketing Services for Career Sports & Entertainment Agency (a marketing, media and public relations firm) since February 2008. From 2003 to 2008, he was President of Turner Entertainment Group. He is a director of Compass Diversified Holdings. Director since 2009. Age 46.

With his years of experience in the media and entertainment business, Mr. Lazarus brings a valuable perspective to the Board of Directors, particularly as the Company expands its product line to include more entertainment offerings. Mr. Lazarus has gained critical insights into the programming and operational aspects of running a successful media business, both from the perspective of content providers and cable television service providers. This experience makes him a valuable asset to the Board of Directors and the Governance and Nominating Committee.

Craig F. Maier

Mr. Maier has been President and Chief Executive Officer of Frisch's Restaurants, Inc. (operator of family style restaurants) since 1989. He is a director of Frisch's Restaurants, Inc. Director since 2008. Age 60.

With over 20 years of experience as the chief executive officer of a large, publicly-traded corporation, Mr. Maier brings to the Board of Directors demonstrated management and leadership ability. In addition, Mr. Maier has valuable experience dealing with accounting principles, financial reporting regulations and evaluating financial results of large corporations. This experience makes him a valuable asset to the Board of Directors, the Audit and Finance Committee and the Compensation Committee.

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Alex Shumate

Mr. Shumate has been the global managing partner of Squire, Sanders & Dempsey L.L.P. (an international law firm) since 2009. Prior to that, he served as the managing partner of the Columbus office of Squire, Sanders & Dempsey, L.L.P. since 1991. He is a current director of The J.M. Smucker Company. He also served as a director of the Wm. Wrigley Jr. Company from 1998 until its acquisition in 2008, as well as Nationwide Financial Services from 2002 until its acquisition in 2009. Director since 2005. Age 59.

With his legal background, his years of experience serving as the managing partner of a major law firm, and his service on the boards of other publicly-traded companies, Mr. Shumate brings to the Board of Directors demonstrated managerial ability and a thorough understanding of the principles of good corporate governance. This experience makes him a valuable asset to the Board of Directors, the Governance and Nominating Committee and the Compensation Committee.

Lynn A. Wentworth

Ms. Wentworth is retired. She was Senior Vice President, Chief Financial Officer, and Treasurer of BlueLinx Holdings Inc. (a building products distributor) from 2007 to 2008. Prior to joining BlueLinx, she was, most recently, Vice President and Chief Financial Officer for BellSouth Corporation's Communications Group and held various other positions at BellSouth from 1985 to 2007. She is a certified public accountant and a member of the Georgia Society of Certified Public Accountants. She is a director of Graphic Packaging Holding Company. Director since 2008. Age 51.

Ms. Wentworth's experience as Chief Financial Officer and Treasurer of BlueLinx Holdings Inc. as well as her 22 years of telecommunications industry experience at BellSouth makes her a valuable asset, both on the Company's Board of Directors and as the Chair of the Audit and Finance Committee. Ms. Wentworth qualifies as an audit committee financial expert under applicable SEC regulations. She was specifically recruited to join the Company's Audit and Finance Committee with the understanding that she would assume leadership of the Committee upon the retirement of its then current Chairman. Ms. Wentworth's prior experience has provided her with a wealth of knowledge in dealing with complex financial and accounting matters affecting large corporations in the telecommunications industry.

John M. Zrno

Mr. Zrno is retired. He was President and Chief Executive Officer of IXC Communications, Inc. (a telecommunications company) from June 1999 through November 1999. He served as President and Chief Executive Officer of ALC Communications Corporation from 1988 through 1995. He is a director of BullsEye Telecom. Director since 1999. Age 71.

With over 30 years of experience in the telecommunications industry, and his past experience as the chief executive officer of two large corporations, Mr. Zrno brings to the Board of Directors demonstrated management and leadership ability. In addition, Mr. Zrno has gained valuable experience dealing with accounting principles, financial reporting regulations and evaluating financial results of large corporations. This experience makes him a valuable asset to the Board of Directors, as the Chairman of the Compensation Committee and as a member of the Audit and Finance Committee.

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DIRECTOR

(Term Expires in 2011)

John F. Cassidy

Mr. Cassidy has been the President and Chief Executive Officer of Cincinnati Bell Inc. since July 2003 and a director of Cincinnati Bell Inc. since September 2002. Among other positions held with the Company, he has been President and Chief Operating Officer of Cincinnati Bell Telephone Company since May 2001, and President of Cincinnati Bell Wireless Company since 1997. Director since 2002. Age 55.

Having served as the Company's Chief Executive Officer since 2003, and having served in various other senior-level management roles with the Company, Mr. Cassidy brings to the Board of Directors critical knowledge and understanding of the products and services offered by the Company as well as a thorough understanding of the telecommunications industry in which it operates.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

(Item 2 on the Proxy Card)

The Company's Audit and Finance Committee Charter provides that the Committee shall have the sole authority and responsibility to select, evaluate and, if necessary, replace the Company's Independent Registered Public Accounting Firm.

On January 28, 2010, the Audit and Finance Committee retained Deloitte & Touche LLP as its Independent Registered Public Accounting Firm to audit the financial statements of the Company for the fiscal year ending December 31, 2010.

The Company is asking the shareholders to ratify its appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending December 31, 2010. If the shareholders do not ratify this appointment, the Audit and Finance Committee will consider the results of the vote and determine whether to recommend and appoint a different independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending December 31, 2010.

One or more members of the firm of Deloitte & Touche LLP will attend the Annual Meeting, will have an opportunity to make a statement and will be available to answer questions.

Vote Required

Ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company requires the affirmative vote of the holders of a majority of the common shares and 6³/₄% Cumulative Convertible Preferred Shares, voting as one class, present or represented at the annual meeting, in person or by proxy, and entitled to vote on this proposal. Abstentions will have the effect of a vote against the proposal. Since the Company believes this proposal to be routine, broker non-votes will likely be voted by the organizations holding such shares in their discretion.

Our Recommendation

The Board recommends a vote FOR such ratification.

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Any general statement that incorporates this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 shall not be deemed to incorporate by reference this Audit and Finance Committee Report and related disclosure. Except to the extent the Company specifically incorporates such Report and related disclosure by reference, this information shall not otherwise be deemed to have been filed under such Acts.

AUDIT AND FINANCE COMMITTEE REPORT

The Audit and Finance Committee of the Board has reviewed and discussed the Company's audited financial statements with the management of the Company and has reviewed a report from management assessing the Company's internal controls. The Audit and Finance Committee has discussed with Deloitte & Touche LLP, the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2009, the matters required to be discussed by the Statement on Auditing Standards No. 61, Communications with Audit Committees (Codification of Statements on Auditing Standards, AU 380) and as adopted by the Public Company Accounting Oversight Board in Rule 3200T, as currently in effect. The Audit and Finance Committee has also received the written disclosures and letter from the Independent Registered Public Accounting Firm required by applicable standards of the Public Company Accounting Oversight Board, has discussed with Deloitte & Touche LLP their independence with respect to the Company, and has considered the question of whether the auditors' provision of non-audit services was compatible with the Independent Registered Public Accounting Firm maintaining their independence.

Based on its review and discussions referred to in the preceding paragraph, the Audit and Finance Committee recommended to the Board that the audited financial statements for the Company's fiscal year ended December 31, 2009 be included in the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2009.

The Board has determined that each member of the Audit and Finance Committee satisfies the independence requirements of the rules and regulations of the SEC and the independence and other requirements of the rules and listing standards of the NYSE. The Board has determined that Lynn A. Wentworth is an audit committee financial expert as defined in the rules and regulations of the SEC and that each member of the Committee is financially literate as defined by the rules and listing standards of the NYSE.

AUDIT AND FINANCE COMMITTEE

Lynn A. Wentworth, Chair

Phillip R. Cox

Jakki L. Haussler

Craig F. Maier

John M. Zrno

Table of Contents**INDEPENDENT ACCOUNTANTS****Audit Fees**

Deloitte & Touche LLP was the Company's Independent Registered Public Accounting Firm for the 2008 and 2009 fiscal years. Aggregate fees for professional services rendered by Deloitte & Touche LLP for the year ended December 31, were as follows:

	2009	2008
Audit fees	\$ 1,691,000	\$ 1,777,500
Audit related fees	236,250	156,500
Tax fees	81,921	86,475
All other fees		
Total	\$ 2,009,171	\$ 2,020,475

Audit fees

The audit fees for the years ended December 31, 2009 and 2008 were for services rendered in connection with the audit of the Company's annual consolidated financial statements, review of quarterly consolidated financial statements included in the Company's reports filed with the SEC and services related to requirements established by the Sarbanes-Oxley Act of 2002.

Audit related fees

The audit related fees for the years ended December 31, 2009 and 2008 were for professional services rendered for the audits of the Company's employee benefit plans filed with the SEC, due diligence services and various accounting consultations.

Tax fees

Tax fees for the year ended December 31, 2009 and 2008 were for the preparation of various tax filings and tax consultations.

All other fees

None.

Engagement of the Independent Registered Public Accounting Firm and Pre-Approval Policy

In accordance with its charter, the Audit and Finance Committee has the sole authority and responsibility to select, evaluate and, if necessary, replace the Independent Registered Public Accounting Firm. The Audit and Finance Committee has the sole authority to approve all audit engagement fees and terms. In addition, the Audit and Finance Committee, or the Chairperson of the Audit and Finance Committee between regularly scheduled meetings, must pre-approve all services provided to the Company by the Company's Independent Registered Public Accounting Firm.

Pursuant to Section 202 of the Sarbanes-Oxley Act of 2002, the Audit and Finance Committee pre-approved every engagement of Deloitte & Touche LLP to perform audit or non-audit services on behalf of the Company or any of its subsidiaries during the years ended December 31, 2009 and 2008.

Table of Contents**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of common shares as of December 31, 2009 (except as otherwise noted) by each beneficial owner of more than five percent (5%) of the common shares outstanding known by the Company. No beneficial owner owns more than five percent (5%) of the 6³/₄% Cumulative Convertible Preferred Shares.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned	Percent of Common Shares
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	17,789,422(a)	8.8%
GAMCO Investors, Inc. and affiliates One Corporate Center Rye, NY 10580	14,850,226(b)	7.3%
LSV Asset Management 1 N. Wacker Drive, Suite 4000 Chicago, IL 60606	10,920,684(c)	5.4%
Marathon Asset Management LLP One Bryant Park 38th floor New York, NY 10036	15,195,474(d)	7.5%
Peninsula Capital Advisors, LLC 404B East Main Street Charlottesville, VA 22902	13,000,000(e)	6.4%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	13,947,850(f)	6.9%
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	13,311,405(g)	6.6%

- (a) As reported on Schedule 13G filed on January 29, 2010 by BlackRock, Inc., as of December 31, 2009, BlackRock, Inc. has sole voting and dispositive power for 17,789,422 common shares.
- (b) As reported on Schedule 13D/A filed on November 16, 2009 by GAMCO Investors, Inc., Gabelli Funds, LLC has sole voting and dispositive power for 6,005,625 common shares, GAMCO Asset Management Inc. has sole voting power for 8,372,601 common shares and sole dispositive power for 8,802,601 common shares, MJG Associates, Inc. has sole voting and dispositive power for 30,000 common shares and Mario J. Gabelli has sole voting and dispositive power for 12,000 common shares. The amounts reported on Schedule 13D/A include a number of shares with respect to which Gabelli Funds, LLC and GAMCO Asset Management Inc. have the right to beneficial ownership upon the conversion of the Company's 6³/₄% Cumulative Convertible Preferred Shares.
- (c) As reported on Schedule 13G on February 11, 2010 by LSV Asset Management, as of December 31, 2009, LSV Asset Management has sole voting and dispositive power for 10,920,684 common shares.
- (d) As reported on Schedule 13G filed on January 29, 2010 by Marathon Asset Management LLP, as of December 31, 2009, Marathon Asset Management LLP has shared voting power for 11,085,636 common shares and shared dispositive power for 15,195,474 common shares with Marathon Asset Management (Services) Ltd., M.A.M. Investments Ltd., William James Arah, Jeremy John Hosking, and Neil Mark Ostrer.
- (e) As reported on Schedule 13G/A filed on February 10, 2010 by Peninsula Capital Advisors, LLC, as of December 31, 2009, Peninsula Capital Advisors, LLC has shared voting power and shared dispositive power for 13,000,000 common shares with Peninsula Investment Partners L.P.
- (f) As reported on Schedule 13G/A on February 5, 2010 by The Vanguard Group, Inc., as of December 31, 2009, The Vanguard Group, Inc. has sole voting power for 292,968 common shares and sole dispositive power for 13,654,882. The Vanguard Group, Inc. has shared voting power for no common shares and shared dispositive power for 292,968 common shares with Vanguard Fiduciary Trust Company.

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(g) As reported on Schedule 13G/A on January 22, 2010 by Wells Fargo and Company, as of December 31, 2009, Wells Fargo and Company has sole voting power for 12,507,863 common shares and sole dispositive power for 12,937,323 common shares. Wells Fargo and Company has shared voting power for 949 common shares and shared dispositive power for 982 common shares with Wells Capital Management Inc., Peregrine Capital Management, Inc., Wells Fargo Bank, N.A., Wachovia Bank, National Association, Evergreen Investment Management Company, LLC., Calibre Advisory Services, Inc., Wells Fargo Advisors Financial Network, LLC., and Wells Fargo Advisors, LLC. The following table sets forth the beneficial ownership of common shares and 6^{3/4}% Cumulative Convertible Preferred Shares as of March 5, 2010 (except as otherwise noted) by (i) each director and each executive officer named in the Summary Compensation Table on page 39, and (ii) all directors and executive officers of the Company as a group.

Unless otherwise indicated, the address of each director and executive officer is c/o Cincinnati Bell at the Company's address.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned as of March 5, 2010 (a)	Percent of Common Shares (c)	6 ^{3/4} % Cumulative Convertible Preferred Shares Beneficially Owned as of March 5, 2010 (d)	Percent of 6 ^{3/4} % Cumulative Convertible Preferred Shares (d)
Bruce L. Byrnes	147,319	*		*
John F. Cassidy	6,289,202	3.1%		*
Phillip R. Cox	102,083	*		*
Jakki L. Haussler	20,097	*		*
Tara L. Khoury	145,456	*		*
Mark Lazarus	12,635	*		*
Craig F. Maier	19,815	*		*
Brian A. Ross	1,824,278	*		*
Alex Shumate	63,097	*		*
Lynn A. Wentworth	20,097	*		*
Christopher J. Wilson	787,967	*		*
Gary J. Wojtaszek	420,755	*		*
John M. Zrno	179,347(b)	*		*
All directors and executive officers as a group (consisting of 15 persons, including those named above)	10,592,159	5.3%		*

* indicates ownership of less than 1% of issued and outstanding shares.

- (a) Includes common shares subject to outstanding options and SARs under the Cincinnati Bell Inc. 1997 Long Term Incentive Plan, the Cincinnati Bell Inc. 2007 Long Term Incentive Plan and the Directors Stock Option Plan that are exercisable by such individuals within 60 days. The following options are included in the totals: 61,000 common shares for Mr. Byrnes; 5,118,960 common shares for Mr. Cassidy; 78,925 common shares for Mr. Cox; 62,000 common shares for Ms. Khoury; 1,377,456 common shares for Mr. Ross; 43,000 common shares for Mr. Shumate; 544,614 common shares for Mr. Wilson; 326,181 common shares for Mr. Wojtaszek; and 134,250 common shares for Mr. Zrno.
- (b) Includes 25,000 common shares held by the Zrno Family Limited Partnership.
- (c) These numbers are based upon 201,122,890 common shares issued and outstanding as of the Record Date.
- (d) These numbers represent 6^{3/4}% Cumulative Convertible Preferred Shares. In the aggregate, the 155,250 issued and outstanding 6^{3/4}% Cumulative Convertible Preferred Shares are represented by 3,105,000 Depositary Shares and each 6^{3/4}% Cumulative Convertible Preferred Share is represented by 20 Depositary Shares.

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Any general statement that incorporates this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 shall not be deemed to incorporate by reference this Compensation Committee Report on Executive Compensation and related disclosure. Except to the extent the Company specifically incorporates such Report and related disclosure by reference, this information shall not otherwise be deemed to have been filed under such Acts.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on our review and discussions with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in Cincinnati Bell Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

COMPENSATION COMMITTEE

John M. Zrno, Chairman

Phillip R. Cox

Bruce L. Byrnes

Craig F. Maier

Alex Shumate

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COMPENSATION DISCUSSION AND ANALYSIS

General

This Compensation Discussion and Analysis will focus on:

The philosophy and objectives of the Company's executive compensation program.

The goals that the executive compensation program is designed to reward.

Each of the elements of the executive compensation program.

Why the Compensation Committee selected the particular elements of compensation.

How the Compensation Committee determines the amounts and formulas for pay.

How each compensation element and the Company's decisions regarding that element fit into the Company's overall compensation objectives and affect decisions regarding other elements.

Compensation Program Philosophy and Objectives

The Company's compensation program has the following primary philosophy and objectives:

Compensation must be competitive with other companies to attract and retain high-quality executives.

A significant portion of total executive compensation should be at risk and tied to the achievement of specific short-term and long-term performance objectives, principally the Company's earnings, cash flow and the performance of the Company's common shares, thereby linking executive compensation with the returns realized by shareholders.

Compensation should provide a balance among each executive's base salary and short-term and long-term incentive components appropriate to the current and long-term goals and strategy of the Company.

Compensation Goals

The goals which are designed to be awarded by the compensation program are achievement of the Company's current and long-term strategy, which is to de-lever, defend and grow:

De-lever the Company's generation of cash flow to repay and reduce its outstanding indebtedness.

Defend the Company's defense from incursions by its competitors of its product and service offerings in all of its market areas.

Grow the Company's pursuit of new product and service offerings as well as expansion into new markets.

Compensation Elements and General Principles

There are three elements to the Company's executive compensation program:

Fixed compensation Base salary.

At-risk annual compensation Annual incentives paid in cash.

At-risk long-term compensation Long-term incentives that are equity awards generally delivered in the form of stock options and performance units, which vest over time and represent a significant portion of the executive's total compensation.

The Company provides these three forms of compensation to reflect competitive compensation practices, to help accomplish its business objectives and to provide an appropriate reward for achieving short- and long-term goals related to the Company's current strategy to de-lever, defend and grow, which should lead to increased shareholder value.

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Determining the Amount of Compensation

The Compensation Committee is primarily responsible for determining executive compensation. The Compensation Committee has retained Mr. Charles Mazza, an independent compensation consultant who is retained solely by the Compensation Committee and performs no services for management, to assist it in its deliberations regarding executive compensation. Pursuant to the Committee's instructions, Mr. Mazza analyzes and comments on various compensation proposals made by the Company and on various topics specified by the Committee and opines and reports on these matters in open sessions of Compensation Committee meetings. In executive sessions of Compensation Committee meetings, Mr. Mazza addresses subjects of particular interest to the Compensation Committee, such as compensation of the Chief Executive Officer. In such instances, Mr. Mazza presents his analysis along with the pros and cons of certain compensation elements and his recommendations. Pursuant to the Compensation Committee Chair's request, Mr. Mazza contacts each member of the Compensation Committee annually as part of the Compensation Committee's self-evaluation and reports his conclusions to the Compensation Committee.

The Company retains Towers Watson, a compensation consulting firm, to assist it with various compensation-related projects during the course of the year. Typically, the Company has a discussion with Towers Watson about a project, outlining the project's objectives, and discusses Towers Watson's approach to the project before requesting them to complete the project. The projects range from requests for general compensation data or information to requests for specific guidance and recommendations, such as designing specific incentive plans.

At the Company's request, Towers Watson conducts an annual study of marketplace compensation practices. The Compensation Committee annually benchmarks each executive's compensation to ensure that it is in a competitive range and that an appropriate portion of it is at risk; that is, subject to payment only if the Company obtains certain quantitative results and the individual achieves certain qualitative results. Towers Watson obtains, compiles and supplies to the Company and the Compensation Committee competitive compensation information. This information covers two peer groups:

The first peer group consists of 18 telecommunications companies. The Company, in consultation with Towers Watson and Mr. Mazza, annually reviews the list of companies in this group to make certain that the group is appropriate, and the Compensation Committee, after review, approves the peer group. The telecommunications peer group currently includes:

AT&T
CenturyLink Inc.

Mediacom Communications Corp.
Qwest Communications International