



221 E. Fourth St.
P.O. Box 2301
Cincinnati, Ohio 45201-2301

August 13, 2009

090406-TX

Bianca S. Bayo
Commission Clerk and Administrator Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Cincinnati Bell Any Distance Inc.'s Application for Authority to Provide
Competitive Local Exchange Telecommunications Company Service Within the
State of Florida

Dear Ms. Bayo:

Cincinnati Bell Any Distance Inc. is submitting for filing an original and two
copies of the application for authority to provide competitive local exchange
telecommunications services within the State of Florida. The filing fee of \$400.00 was
mailed on August 11, two days before the application was mailed.

Should you have any questions please do not hesitate to contact me at (513)397-
1296 or Kathy.campbell@cinbell.com.

Sincerely,

Kathy Campbell
Regulatory Specialist

Attachment

COM _____
ECR _____
GCL _____
OPC _____
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SSC _____
SGA _____
ADM _____
CLK Usage

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE

APPLICATION FORM
for
AUTHORITY TO PROVIDE COMPETITIVE LOCAL EXCHANGE
TELECOMMUNICATIONS COMPANY SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used as an application for an original certificate and for approval of sale, assignment or transfer of an existing certificate. In the case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Page 8).
- B. Print or type all responses to each item requested in the application. If an item is not applicable, please explain.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. Once completed, submit the original and one copy of this form along with a non-refundable application fee of **\$400.00** to:

**Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

- E. A filing fee of **\$400.00** is required for the sale, assignment or transfer of an existing certificate to another company (Chapter 25-24.815, F.A.C.).
- F. If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Regulatory Compliance
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

1. This is an application for (check one):

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority rather than apply for a new certificate.

Approval of assignment of existing Certificate: Example, a certificated company purchases an existing company and desires to retain the existing certificate of authority and tariff.

2. Name of company: Cincinnati Bell Any Distance Inc.

3. Name under which applicant will do business (fictitious name, etc.):

4. Official mailing address:

Street/Post Office Box: 221 East Fourth Street, 103-1280

City: Cincinnati

State: Ohio

Zip: 45201

5. Florida address:

Street/Post Office Box: c/o CSC, 1201 Hays Street

City: Tallahassee

State: FL

Zip: 32301

6. Structure of organization:

Individual

Foreign Corporation

General Partnership

Other,

Corporation

Foreign Partnership

Limited Partnership

7. **If individual**, provide: Not applicable

Name:
Title:
Street/Post Office Box:
City:
State:
Zip:
Telephone No.:
Fax No.:
E-Mail Address:
Website Address:

8. **If incorporated in Florida**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is:

9. **If foreign corporation**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is: F93000000265

10. **If using fictitious name (d/b/a)**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida. The Florida Secretary of State fictitious name registration number is:

11. **If a limited liability partnership**, please proof of registration to operate in Florida. The Florida Secretary of State registration number is:

12. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name:
Title:
Street/Post Office Box:
City:
State:
Zip:
Telephone No.:
Fax No.:
E-Mail Address:
Website Address:

13. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable. The Florida registration number is:

14. Provide **F.E.I. Number**(if applicable): 72-1122018

15. Who will serve as liaison to the Commission in regard to the following?

(a) The application:

Name: D. Scott Ringo Jr.
Title: Assistant Secretary & Director Regulatory Affairs
Street name & number: 221 East Fourth Street, 103-1280
Post office box:
City: Cincinnati
State: Ohio
Zip: 45201
Telephone No.: (513)397-1354
Fax No.:
E-Mail Address: scott.ringo@cinbell.com
Website Address: www.cincinnatiibell.com

(b) Official point of contact for the ongoing operations of the company:

Name: David L. Heimbach
Title: Vice President
Street name & number: 11550 North Meridian Street, Suite 500
Post office box:
City: Carmel
State: Indiana
Zip: 46032
Telephone No.: (513)345-2300
Fax No.:
E-Mail Address: dave.heimbach@cbts.cinbell.com
Website Address: www.cincinnatiibell.com

(c) Complaints/Inquiries from customers:

Name: Kathy Campbell
Title: Regulatory Specialist
Street/Post Office Box: 221 East Fourth Street, 103-1280
City: Cincinnati
State: Ohio
Zip: 45201
Telephone No.: (513)397-1296
Fax No.:
E-Mail Address: kathy.campbell@cinbell.com
Website Address: www.cincinnatiibell.com

16. List the states in which the applicant:

(a) has operated as a Competitive Local Exchange Telecommunications Company.

Ohio, Kentucky, Illinois & Indiana

(b) has applications pending to be certificated as a Competitive Local Exchange Telecommunications Company.

Georgia, Tennessee, Michigan and Pennsylvania

(c) is certificated to operate as a Competitive Local Exchange Telecommunications Company.

Ohio, Kentucky, Illinois & Indiana

(d) has been denied authority to operate as a Competitive Local Exchange Telecommunications Company and the circumstances involved.

Cincinnati Bell Any Distance Inc. has not been denied authorization to provide telecommunications services.

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

Cincinnati Bell Any Distance Inc. has not had regulatory penalties imposed for violations of telecommunications statutes.

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

Cincinnati Bell Any Distance Inc. has not been involved in civil court proceedings with any telecommunications entity.

THIS PAGE MUST BE COMPLETED AND SIGNED

REGULATORY ASSESSMENT FEE: I understand that all telephone companies must pay a regulatory assessment fee. Regardless of the gross operating revenue of a company, a minimum annual assessment fee, as defined by the Commission, is required.

RECEIPT AND UNDERSTANDING OF RULES: I acknowledge receipt and understanding of the Florida Public Service Commission's rules and orders relating to the provisioning of competitive local exchange telecommunications company (CLEC) service in Florida.

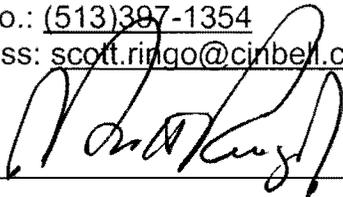
APPLICANT ACKNOWLEDGEMENT: By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide competitive local exchange telecommunications company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, **"Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."**

Company Owner or Officer

Print Name: D. Scott Ringo Jr.
Title: Assistant Secretary & Director, Regulatory Affairs
Telephone No.: (513)397-1354
E-Mail Address: scott.ringo@cinbell.com

Signature: _____



Date: _____

8/13/09

CERTIFICATE SALE, TRANSFER,
OR
ASSIGNMENT STATEMENT

As current holder of Florida Public Service Commission Certificate Number _____, I have reviewed this application and join in the petitioner's request for a

- sale
- transfer
- assignment

of the certificate.

Company Owner or Officer

Print Name:
Title:
Street/Post Office Box:
City:
State:
Zip:
Telephone No.:
Fax No.:
E-Mail Address:

Signature: _____

Date: _____

EXHIBIT A

OFFICER RESUMES

CINCINNATI BELL ANY DISTANCE INC.

David L. Heimbach
Vice President, eVolve Business Solutions

Dave Heimbach is Vice President of eVolve Business Solutions for Cincinnati Bell responsible for a regional CLEC expansion strategy targeting small- and medium-sized businesses. Dave also has general management responsibilities for the long distance and wide area network businesses based in Cincinnati.

Prior to his current position, Dave held various strategy, general management and product development roles at Cincinnati Bell. His past career experience includes various roles in product development, sales and general management at companies in Cincinnati, Ohio and Denver, CO.

Dave graduated from Ohio University with a BSC in Communication Systems Management in 1999.

Biographies of Corporate Officers

John F. Cassidy
President and Chief Executive Officer
Cincinnati Bell Inc.

John F. Cassidy is President and Chief Executive Officer of Cincinnati Bell Inc. He reports directly to the Board of Directors.

Mr. Cassidy is responsible for developing, establishing and executing the company's strategic and operational plans for all Cincinnati Bell companies including Cincinnati Bell Wireless, Cincinnati Bell Telephone, Cincinnati Bell Entertainment, Cincinnati Bell Any Distance, and Cincinnati Bell Technology Solutions.

Previously, Cassidy served as President and COO of the local Cincinnati Bell operations. As President of Cincinnati Bell Wireless, he led the launch of CBW and I-wireless.

Prior to launching Cincinnati Bell Wireless, Cassidy served as Vice President of Sales for Cantel, Canada's largest cellular provider. He joined Cantel after holding the position of Vice President of Sales and Marketing for Ericsson Communication's mobile handset business, where he was responsible for the brand's introduction in North America. Cassidy was formerly Vice President of Sales and Marketing for the General Electric cellular phone business.

After attending Cleveland State University's Management and Labor Relations program, Cassidy also served in executive-level positions in Labor Relations and Human Resources for TransOhio Savings Bank and the Cleveland Press. He was awarded an Honorary PhD from Cleveland state in 2005.

Beyond his work in the telecommunications industry, Cassidy is also an active member of the community. He serves on the board of the Cincinnati USA Regional Chamber, and was recently named the Chamber's Minority Business Accelerator Leadership Council Chair for 2006-2007. Cassidy also serves on the boards of the Children's Home of Cincinnati, Cincinnati Museum Center, University Hospital, the Boomer Esiason Foundation and is the past chair of the Cincinnati Chamber of Commerce's Regional Technology Initiative.

He is an Advisory Board Member for the Marvin Lewis Community Fund, the Anthony Munoz Foundation and the Boys & Girls Clubs of Cincinnati. Cassidy is a member of the Steering Committee of KnowledgeWorks Foundation (CAP) College Access/Success Partnership, in conjunction with the Cincinnati Public Schools. Cassidy has been honored as the Personal Communications Industry Association's (PCIA) Distinguished Corporate Citizen, the Boomer Esiason Foundation's Man of the Year and the Cincinnati Friars Club's Man of the Year. He also has been awarded the NAACP's Wright Overstreet Award for Education, the Cincinnati School Board's "Making A Difference" award, and Clay Pigeon Magazine's Shooting Sportsman of the Year award for 2003.

Brian Ross
Chief Financial Officer
Cincinnati Bell

Brian A. Ross is Chief Financial Officer for Cincinnati Bell. Mr. Ross reports directly to John F. Cassidy, Chief Executive Officer of Cincinnati Bell.

Mr. Ross has held a variety of positions during his tenure with Cincinnati Bell. Prior to his current position, Mr. Ross served as Senior Vice President of Finance and Accounting for Cincinnati Bell. Starting as Assistant Treasurer in 1995, he also has served as Vice President of Finance and Accounting for Cincinnati Bell Wireless from 1999 to 2001 upon returning to the company after a two-year stint as SVP & CFO for Student Loan Funding Resources.

Prior to joining Cincinnati Bell, Mr. Ross served in various financial management capacities for the Mead Corporation and U.S. Shoe. These include Assistant Treasurer of U.S. Shoe and Controller, Mead Coated Board Europe in Vienna, Austria. Mr. Ross began his career as an Instructor of Economics at Miami University.

Mr. Ross is a native of Cincinnati, Ohio and earned a bachelor of arts degree in economics and mathematics & statistics from Miami University and a master of arts degree in statistics from the University of California.

Mr. Ross is a member of the boards of The Cincinnati Equity Fund, LLC; KnowledgeFunding Ohio; Student Lending Works, Inc.; and Diamond Fiber Composites, Inc.

Mr. Ross resides in Montgomery with his wife, Julie, and four children.

Kurt A. Freyberger
Vice President and Controller

Kurt Freyberger is Vice President and Controller for Cincinnati Bell Inc. As the chief accounting officer of the company, he is responsible for all internal and external financial reporting and reports directly to Brian Ross, Cincinnati Bell's Chief Financial Officer.

Prior to joining Cincinnati Bell, Mr. Freyberger was employed by Chiquita Brands International, serving in various capacities including assistant corporate controller and director of financial reporting. Prior to working at Chiquita, Mr. Freyberger was an audit manager with PricewaterhouseCoopers.

Mr. Freyberger is a member of the Ft. Thomas Lions Club and audit committee of Gloria Dei Lutheran Church.

He holds a bachelor's degree in accounting from Western Kentucky University.

D. Scott Ringo Jr.
Assistant Corporate Secretary and Director Regulatory Affairs

D. Scott Ringo Jr. is Director of Regulatory Affairs for Cincinnati Bell and also serves as Assistant Corporate Secretary. Mr. Ringo is responsible for overall regulatory coordination, compliance and tariffs in Ohio, Kentucky and Indiana for Cincinnati Bell CBT and in the 48 contiguous states for Cincinnati Bell Any Distance (CBAD).

Mr. Ringo joined CBT in 1979 as a member of its Customer Services Department and moved within the company to the Information Services Organization in 1980. In 1983, he transferred to the Rates and Revenues Department and was tasked with transitioning regulatory support from AT&T as part of the divestiture. He also oversaw regulatory activities with the Federal Communications Commission. Starting in 1989, Mr. Ringo began a number of assignments by serving as an account executive to AT&T Communications and the cellular carrier industry, and negotiating interconnection agreements. In January 1995, Mr. Ringo was promoted to his current position within Cincinnati Bell assuming responsibility for state regulatory matters.

Prior to joining Cincinnati Bell, Mr. Ringo worked for five years in the office products industry where he held a number of positions in retail management, purchasing and inventory management.

Mr. Ringo earned his Bachelor of Science degree in Business Administration and Marketing from Northern Kentucky University in Highland Heights, Kentucky in 1977. He also serves as councilman for the City of Villa Hills, Kentucky.

Christopher C. Elma
Managing Director – Tax and Internal Control

Christopher C. Elma is Managing Director - Tax and Internal Control and is responsible for all Corporate Tax and Internal Audit matters of Cincinnati Bell Inc. and its subsidiaries.

Mr. Elma joined Cincinnati Bell Inc. in January 1999 as a manager in the Tax Department. He held various positions within the department until becoming Managing Director of Corporate Tax in January 2006. In May 2009, he assumed the additional responsibility for Internal Controls in his position as Managing Director – Tax & Internal Control.

Prior to joining Cincinnati Bell Inc. Mr. Elma spent five years with Milacron Inc. serving in various tax staff and supervisory positions.

Mr. Elma earned his Bachelor of Science degree in Accounting from the University of Cincinnati in Cincinnati, Ohio.

Scott Thomas
Tax Director

Scott Thomas is a Tax Director for Cincinnati Bell, Inc. He is responsible for the management of the corporate tax function. He reports directly to Chris Elma, Cincinnati Bell's Managing Director – Tax and Internal Controls.

Mr. Thomas joined the company in 2000 as a Senior Tax Accountant and most recently served as a Senior Manager – Corporate Tax. His previous experience includes a tax position at Arthur Andersen.

He is a certified public accountant in the state of Kentucky and a member of the Kentucky Society of CPAs and the American Institute of Certified Public Accountants (AICPA).

Mr. Thomas is a graduate of the University of Kentucky receiving his bachelor's degree in accounting.

Christopher J. Wilson
Vice President and General Counsel
Cincinnati Bell Inc.

Christopher J. Wilson is the Vice President and General Counsel for Cincinnati Bell Inc. He was elected to his current position August 6, 2003. Mr. Wilson reports directly to John F. Cassidy, President and CEO of Cincinnati Bell Inc.

Prior to his current position Mr. Wilson served as Associate General Counsel for the company's Cincinnati-based operating subsidiaries from November 1998 to August 2003. Before joining the in-house legal team at Cincinnati Bell Inc., Mr. Wilson was a partner at Frost Brown Todd LLP.

Mr. Wilson Graduated from Thomas Moore College in 1988 with a B.A. in Economics, and subsequently earned his law degree from the University of Notre Dame in 1991.

EXHIBIT B

AUDITED FINANCIAL STATEMENTS

CINCINNATI BELL ANY DISTANCE INC.

Cincinnati Bell Any Distance Inc. is a subsidiary of Cincinnati Bell Inc. (CBI), the parent company. For this reason CBI's audited financial statements are being used to show Cincinnati Bell Any Distance Inc.'s financial capability. Included with this filing are the pages from the 2008 10K which contain the information requested in the Florida application. The entire 200810K and all other CBI publicly filed financial reports can be found at:

<http://investor.cincinnati-bell.com/phoenix.zhtml?c=111332&p=irol-irhome>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareowners' equity (deficit) and comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule (Schedule II). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cincinnati Bell Inc. and subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, effective December 31, 2006. As discussed in Note 12 to the consolidated financial statements, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, effective January 1, 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 26, 2009

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Millions of Dollars, Except Per Share Amounts)

	Year Ended December 31,		
	2008	2007	2006
Revenue			
Services	\$1,195.6	\$1,155.4	\$1,100.2
Products	207.4	193.2	169.9
Total revenue	<u>1,403.0</u>	<u>1,348.6</u>	<u>1,270.1</u>
Costs and expenses			
Cost of services, excluding items below	425.4	408.5	384.8
Cost of products sold, excluding items below	214.4	201.2	183.5
Selling, general and administrative	285.0	265.9	244.2
Depreciation	149.0	147.1	138.6
Amortization	4.9	3.7	4.4
Shareholder claim settlement	—	—	6.3
Restructuring charges	28.1	39.8	3.4
Operating tax settlement	(10.2)	—	—
Asset impairment	1.2	—	—
Gain on sale of broadband assets	—	—	(7.6)
Total operating costs and expenses	<u>1,097.8</u>	<u>1,066.2</u>	<u>957.6</u>
Operating income	305.2	282.4	312.5
Interest expense	139.7	154.9	162.1
Loss (gain) on extinguishment of debt	(14.1)	0.7	0.1
Other expense (income), net	3.4	(3.1)	(4.3)
Income before income taxes	176.2	129.9	154.6
Income tax expense	73.6	56.7	68.3
Net income	102.6	73.2	86.3
Preferred stock dividends	10.4	10.4	10.4
Net income applicable to common shareowners	<u>\$ 92.2</u>	<u>\$ 62.8</u>	<u>\$ 75.9</u>
<hr/>			
Basic earnings per common share	<u>\$ 0.39</u>	<u>\$ 0.25</u>	<u>\$ 0.31</u>
Diluted earnings per common share	<u>\$ 0.38</u>	<u>\$ 0.24</u>	<u>\$ 0.30</u>
<hr/>			
Weighted average common shares outstanding (millions)			
Basic	237.5	247.4	246.8
Diluted	<u>242.7</u>	<u>256.8</u>	<u>253.3</u>

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

Cincinnati Bell Inc.
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars, Except Share Amounts)

	As of December 31,	
	2008	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 6.7	\$ 26.1
Receivables, less allowances of \$18.0 and \$17.1	164.9	176.5
Inventory, materials and supplies	28.9	31.2
Deferred income taxes, net	96.8	72.8
Prepaid expenses and other current assets	23.8	11.1
Total current assets	321.1	317.7
Property, plant and equipment, net	1,044.3	933.7
Goodwill	71.8	62.4
Intangible assets, net	126.0	121.2
Deferred income taxes, net	466.2	523.4
Other noncurrent assets	57.3	61.2
Total assets	\$ 2,086.7	\$ 2,019.6
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	\$ 10.2	\$ 7.8
Accounts payable	110.8	105.5
Unearned revenue and customer deposits	44.5	47.4
Accrued taxes	17.7	15.2
Accrued interest	45.9	49.4
Accrued payroll and benefits	49.7	44.8
Other current liabilities	45.0	47.5
Total current liabilities	323.8	317.6
Long-term debt, less current portion	1,950.5	2,001.9
Pension and postretirement benefit obligations	434.6	291.7
Other noncurrent liabilities	87.1	76.0
Total liabilities	2,796.0	2,687.2
Commitments and contingencies		
Shareowners' deficit		
Preferred stock, 2,357,299 shares authorized; 155,250 (3,105,000 depository shares) of 6 3/4% Cumulative Convertible Preferred Stock issued and outstanding at December 31, 2008 and 2007; liquidation preference \$1,000 per share (\$50 per depository share)	129.4	129.4
Common shares, \$.01 par value; 480,000,000 shares authorized; 228,496,896 and 256,652,787 shares issued; 227,881,835 and 248,357,332 outstanding at December 31, 2008 and 2007	2.3	2.6
Additional paid-in capital	2,695.3	2,922.7
Accumulated deficit	(3,356.5)	(3,459.1)
Accumulated other comprehensive loss	(177.1)	(115.9)
Common shares in treasury, at cost:		
615,061 and 8,295,455 shares at December 31, 2008 and 2007	(2.7)	(147.3)
Total shareowners' deficit	(709.3)	(667.6)
Total liabilities and shareowners' deficit	\$ 2,086.7	\$ 2,019.6

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Dollars)

	Year Ended December 31,		
	2008	2007	2006
Cash flows from operating activities			
Net income	\$ 102.6	\$ 73.2	\$ 86.3
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	149.0	147.1	138.6
Amortization	4.9	3.7	4.4
Gain on sale of broadband assets	—	—	(7.6)
Loss (gain) on extinguishment of debt	(14.1)	0.7	0.1
Provision for loss on receivables	19.7	15.2	14.0
Noncash interest expense	5.0	5.0	4.9
Deferred income tax expense, including valuation allowance change	67.7	51.7	62.4
Pension and other postretirement expense in excess of payments	61.4	19.2	28.1
Stock-based compensation	5.6	6.1	2.5
Other, net	1.3	(2.1)	(5.1)
Changes in operating assets and liabilities, net of effect of acquisitions			
Increase in receivables	(7.4)	(27.8)	(15.0)
Increase in inventory, materials, supplies, prepaids and other current assets	—	(7.3)	(6.2)
Increase in accounts payable	15.8	19.8	4.1
Increase (decrease) in accrued and other current liabilities	(16.4)	(28.7)	23.3
Decrease (increase) in other noncurrent assets	1.2	(0.7)	0.5
Increase (decrease) in other noncurrent liabilities	7.6	33.7	(0.6)
Net cash provided by operating activities	<u>103.9</u>	<u>308.8</u>	<u>334.7</u>
Cash flows from investing activities			
Capital expenditures	(230.9)	(233.8)	(151.3)
Acquisitions of businesses and remaining minority interest in CBW	(21.6)	(23.6)	(86.7)
Return of deposit and (purchase/deposit) of wireless licenses	1.6	(4.4)	(37.1)
Proceeds from sale of investment	—	—	5.7
Proceeds from sale of broadband assets	—	—	4.7
Other, net	0.4	(1.7)	4.7
Net cash used in investing activities	<u>(250.5)</u>	<u>(263.5)</u>	<u>(260.0)</u>
Cash flows from financing activities			
Issuance of long-term debt	23.0	75.6	—
Net change in credit facility with initial maturities less than 90 days	(2.0)	55.0	—
Repayment of debt	(105.7)	(219.1)	(13.3)
Debt issuance costs and consent fees	(0.3)	(1.3)	—
Issuance of common shares — exercise of stock options	0.3	2.5	1.9
Preferred stock dividends	(10.4)	(10.4)	(10.4)
Common stock repurchase	(76.8)	—	—
Other	(0.9)	(0.9)	0.8
Net cash used in financing activities	<u>(172.8)</u>	<u>(98.6)</u>	<u>(21.0)</u>
Net increase (decrease) in cash and cash equivalents	(19.4)	(53.3)	53.7
Cash and cash equivalents at beginning of year	26.1	79.4	25.7
Cash and cash equivalents at end of year	<u>\$ 6.7</u>	<u>\$ 26.1</u>	<u>\$ 79.4</u>

These non-repeating notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY (DEFICIT) AND
COMPREHENSIVE INCOME (LOSS)
(in Millions)

	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at December 31,										
2005	3.1	\$129.4	255.0	\$ 2.6	\$2,929.9	\$(3,604.5)	\$ (49.6)	(7.9)	\$(145.5)	<u>\$ (737.7)</u>
Adjustment to opening accumulated deficit, net of taxes of \$5.2	—	—	—	—	—	(9.0)	—	—	—	(9.0)
Net income	—	—	—	—	—	86.3	—	—	—	86.3
Additional minimum pension liability adjustment, net of taxes of \$1.4	—	—	—	—	—	—	2.2	—	—	2.2
Comprehensive income	—	—	—	—	—	—	—	—	—	88.5
Shares issued (purchased) under employee plans and other	—	—	0.7	—	2.1	—	—	(0.3)	(1.3)	0.8
Stock-based compensation	—	—	—	—	2.5	—	—	—	—	2.5
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Adjustment to initially apply SFAS No. 158, net of taxes of \$73.3	—	—	—	—	—	—	(127.1)	—	—	(127.1)
Other	—	—	—	—	0.8	—	—	—	—	0.8
Balance at December 31,										
2006	3.1	129.4	255.7	2.6	2,924.9	(3,527.2)	(174.5)	(8.2)	(146.8)	<u>(791.6)</u>
Adjustment to opening accumulated deficit to initially apply FIN No. 48	—	—	—	—	—	(5.1)	—	—	—	(5.1)
Net income	—	—	—	—	—	73.2	—	—	—	73.2
Amortization of pension and postretirement costs, net of taxes of (\$7.0)	—	—	—	—	—	—	12.2	—	—	12.2
Remeasurement of pension and postretirement liabilities and other, net of taxes of (\$27.1)	—	—	—	—	—	—	46.4	—	—	46.4
Comprehensive income	—	—	—	—	—	—	—	—	—	131.8
Shares issued (purchased) under employee plans and other	—	—	1.0	—	2.1	—	—	(0.1)	(0.5)	1.6
Stock-based compensation	—	—	—	—	6.1	—	—	—	—	6.1
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Balance at December 31,										
2007	3.1	129.4	256.7	2.6	2,922.7	(3,459.1)	(115.9)	(8.3)	(147.3)	<u>(667.6)</u>
Net income	—	—	—	—	—	102.6	—	—	—	102.6
Amortization of pension and postretirement costs, net of taxes of (\$3.6)	—	—	—	—	—	—	6.3	—	—	6.3
Remeasurement of pension and postretirement liabilities and other, net of taxes of (\$9.8)	—	—	—	—	—	—	(67.5)	—	—	(67.5)
Comprehensive income	—	—	—	—	—	—	—	—	—	41.4
Shares issued under employee plans	—	—	0.5	—	0.3	—	—	—	—	0.3
Shares purchased under employee plans and other	—	—	(0.3)	—	(1.2)	—	—	(0.1)	(0.6)	(1.8)
Stock-based compensation	—	—	—	—	5.6	—	—	—	—	5.6
Repurchase of shares	—	—	—	—	—	—	—	(20.6)	(76.8)	(76.8)
Retirement of shares	—	—	(28.4)	(0.3)	(221.7)	—	—	28.4	222.0	—
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Balance at December 31,										
2008	3.1	\$129.4	228.5	\$ 2.3	\$2,695.3	\$(3,356.5)	\$(177.1)	(0.6)	\$(2.7)	<u>\$(709.3)</u>

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