CINCINNATI BELL INC
Form 11-K
June 28, 2007
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 30, 2006

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission File Number 1-8519

CINCINNATI BELL INC.

SAVINGS AND SECURITY PLAN

CINCINNATI BELL INC.

221 East Fourth Street

Cincinnati, Ohio 45202

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of the

Cincinnati Bell Inc. Savings and Security Plan

We have audited the accompanying statements of net assets available for benefits of the Cincinnati Bell Inc. Savings and Security Plan (the Plan) as of December 30, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 30, 2006. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 30, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 30, 2006 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 30, 2006, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in our audits of the basic 2006 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

June 27, 2007

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(DOLLARS IN THOUSANDS)

	December 30, 2006	December 30, 2005
Investments		
Investment in Master Trust	$ 84,291	$ 73,675
Participant loans	3,214	2,805
Net assets available for benefits at fair value	87,505	76,480
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	125	173
Net assets available for benefits	$ 87,630	$ 76,653

See Notes to Financial Statements.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 30, 2006

(DOLLARS IN THOUSANDS)

Net assets available for benefits as of December 30, 2005	$ 76,653
Contributions:	
Employee	4,734
Employer	1,797
Total contributions	6,531
Investment income:	
Investment income from Master Trust	13,885
Interest on participant loans	200
Total investment income	14,085
Distributions:	
Benefits paid to participants	9,011
Transfers to other Company-sponsored plans, net	600
Administrative expense paid by the Plan	28
Total distributions	9,639
Net increase in assets available for Plan benefits	10,977
Net assets available for benefits as of December 30, 2006	$ 87,630

See Notes to Financial Statements.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Plan Description and Accounting Policies

a. **General**: The Cincinnati Bell Inc. Savings and Security Plan (the Plan) is sponsored by Cincinnati Bell Inc. (together with its subsidiaries, the Company or Cincinnati Bell) and administered generally through the Company Employees Benefit Committee.

The Plan is, subject to certain exceptions, currently available to hourly employees of the Company (eligible employees). Hourly employees are generally defined as employees who are either represented by a collective bargaining unit or whose position is otherwise subject to automatic wage progression. In addition, certain persons who might be considered part of the above classes of employees (including but not limited to co-op students, interns, temporary employees, and contingency employees) are ineligible to participate in the Plan.

These Notes to Financial Statements provide a brief description of certain provisions of the Plan, but do not constitute a document under which the Plan is operated, and, in the event of any conflict between these Notes to Financial Statements and the Plan documents, the Plan documents shall control. Eligible employees must refer to the Plan documents and to the summary plan description for further details of the Plan.

The Plan is subject to the provisions of the Internal Revenue Code of 1986, as amended (the Code), and the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The financial statements of the Plan are prepared under the accrual method of accounting. The Plan s fiscal year (the plan year) begins each December 31 and ends the following December 30. The Plan s trustee is Fidelity Management Trust Company (together with its affiliates, Fidelity).

As of December 30, 2006, the Plan adopted Financial Accounting Standards Board Staff Position AAGINV-1 and Statement of Position No. 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Benefit Contribution Health and Welfare and Pension Plans. The Staff Position requires the Statement of Net Assets Available for Benefits to present the fair value of the Plan s investments as well as the adjustment from fair value to contract value for fully benefit-responsive investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts. The Staff Position was applied retroactively to the prior period presented on the Statement of Net Assets Available for Benefits as of December 30, 2005.

b. **Employee Contributions**: The Plan generally permits each eligible employee, who has completed at least one year of service, to contribute for each pay period, in before-tax and/or after-tax dollars, any amount that is an increment of $5 and not more than a certain percent (for the plan year ended December 30, 2006, 16% for an eligible employee represented by a collective bargaining unit and 75% for any other eligible employee) of the employee s compensation (as defined in and subject to the rules of the Plan).

The amount of an eligible employee s before-tax contributions for any calendar year generally cannot exceed a legal limit ($15,000 for 2006). If the eligible employee is age 50 or older by the end of the calendar year, the eligible employee is allowed to make additional before-tax contributions up to a legal limit ($5,000 for 2006). For an eligible employee represented by a collective bargaining unit, such additional before-tax contributions were first permitted to be made to the Plan in 2006. The amount of an eligible employee s before-tax contributions for any plan year may be further limited when the employee is considered a highly compensated employee under legal rules, pursuant to certain legal nondiscrimination requirements that are intended to prevent highly compensated eligible employees making before-tax contributions that on average (measured as a percent of their plan compensation) are far beyond the before-tax contributions that on average are made by eligible employees who are not highly compensated. Such rules did not, however, impact the before-tax contributions of any highly compensated eligible employee for the plan year ended December 30, 2006.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

An eligible employee s contributions to the Plan are allocated to the employee s account under the Plan (Plan account), and an eligible employee is always fully vested in the part of the Plan account attributable to his or her own contributions.

An eligible employee is generally not subject to federal income tax on the amount of his or her before-tax contributions to the Plan or on the Plan s earnings on those contributions until the amounts are distributed to the employee from the Plan.

c. **Employer Contributions**: Under the current terms of the Plan, the Company makes matching contributions in an amount equal to 66 2/3% of the eligible employee s basic contributions made for any pay period. An eligible employee s basic contributions are, for this purpose, generally equal to the portion of the employee s before-tax and after-tax contributions made for any week that is not in excess of a certain amount that is set out in the Plan document and based on the level of the employee s base pay for the applicable week. The excess of an employee s contributions over the basic contribution limit is not eligible for the Company match.

Matching contributions are generally made on a bi-weekly basis under the current practice of the Company and must be made by the end of the first full month that ends after the eligible employees related contributions are made.

The Company s matching contributions for an eligible employee are allocated to his or her Plan account. In general, an eligible employee is vested in the Company s matching contributions only if he or she is credited with at least three years of vesting service (as defined in and subject to the rules of the Plan). However, an eligible employee may become vested in such part of his or her Plan account in certain other situations, including continued employment with the Company after attaining age 65 or termination of employment with the Company due to total disability or death.

An eligible employee is generally not subject to federal income tax on the amount of the matching contributions or on the Plan s earnings on these contributions until the amounts are distributed to the employee from the Plan.

d. **Rollovers**: An eligible employee may elect to rollover to the Plan an otherwise taxable distribution from another employer s tax-qualified savings, profit sharing, or other employer plan that the employee is entitled to receive, if the distribution meets certain conditions set forth in the Plan and the Code.

Any rollover contributions made to the Plan by an eligible employee are allocated to his or her Plan account. An eligible employee is always fully vested in the part of his or her Plan account attributable to rollover contributions.

An eligible employee is generally not subject to federal income tax on the amount of his or her rollover contributions or on the Plan s earnings on the rollover contributions until the amounts are distributed to the employee from the Plan.

e. **Employee-Directed Investments:** An eligible employee can specify the manner in which contributions made by or for the employee to the Plan shall be invested in the available funds under the Plan (see Note (1)h below), and may elect to change the funds to which future contributions are allocated and transfer amounts held under his or her Plan account from one fund to another.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

f. **Distributions to Participants**: An eligible employee may receive all or a portion of his or her Plan account while employed by the Company only in certain circumstances.

In general, an eligible employee, while still employed by the Company, may withdraw, for any reason, the vested part of his or her Plan account attributable to the Company matching contributions made for plan years before the three consecutive plan year period that ends with the plan year of the withdrawal, after-tax contributions and rollover contributions. However, if the employee withdraws any after-tax contributions that have received a matching contribution from the Company and were contributed in the plan year of the withdrawal and/or either of the two immediately preceding plan years, the entire non-vested portion of his or her Plan account will be forfeited, and the employee will be suspended from actively participating in the Plan for six months after the withdrawal.

Further, an eligible employee, while still employed by the Company, can withdraw amounts from the portion of his or her Plan account that is attributable to before-tax contributions if the withdrawal is required by reason of the employee s hardship situation, which meets the rules set forth in the Plan concerning hardship withdrawals (except that any hardship withdrawal may not include the earnings on his or her before-tax contributions that were allocated after December 31, 1988).

Other than for the withdrawals described above, the distribution of an eligible employee s account under the Plan will generally occur only after the employee s employment with the Company has terminated for any reason, including retirement, discharge, termination, disability or death. Only the portion of the employee s Plan account that is vested may be distributed; the non-vested portion of such account, if any, is forfeited in accordance with rules set forth in the Plan.

If the value of the employee s Plan account is $1,000 or less, the employee s account can be distributed, within a reasonable administrative period, in a lump sum and without the consent of the employee after the employee s employment with the Company ends for any reason other than death.

g. **Employee Loans**: Loans are available from the Plan to eligible employees under the current provisions and policies of the Plan. Loans are subject to several conditions, certain of which are described below.

An eligible employee cannot have more than two outstanding loans from the Plan at any time. The minimum amount of any loan to an eligible employee is $1,000, while the maximum amount cannot exceed the lesser of (1) 50% of the vested balance of the employee s Plan account excluding the amount of such account that is attributable to the employee s own contributions which were matched, and the associated matching contributions from the Company during the plan year of the loan and the two preceding plan years, and income earned after 1988 on the employee s before-tax contributions to the Plan or (2) $50,000 reduced by the highest outstanding balance of loans made to the employee from the Plan and other plans of the Company during the one year period preceding the new loan date.

The Company Employees Benefit Committee determines the interest rate charged by the Plan on a loan made to an eligible employee. In general, a loan rate is based on the prime rate plus 1.0% at the time the loan is made. As of December 30, 2006, interest rates on loans made under the Plan ranged between 5.0% and 10.0% per annum. Additionally, the participant pays administrative fees to Fidelity, as the Plan s trustee, for processing a new Plan loan (for the plan year ended December 30, 2006, a $35 origination fee plus a $15 annual maintenance fee for the life of the loan).

In general, any loan to an eligible employee must be repaid through payroll deductions and be collateralized by up to 50% of the vested portion of the employee s Plan account. The minimum term of any loan to an eligible employee is 6 months, and the maximum term of a loan is 60 months.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

h **Investments**: As of December 30, 2006, the following investment funds were available for the investment of future contributions under the Plan:

American Funds EuroPacific Growth Fund

American Funds Fundamental Investors Fund (1)

Artisan Small-Cap Value Fund (1)

Cincinnati Bell Inc. Common Stock Fund (2)

Fidelity Equity Income Fund (1)(2)

Fidelity Freedom 2020 Fund (1)(2)

Fidelity Growth Company Fund (2)

Fidelity International Discovery Fund (2)

Fidelity Managed Income Portfolio II Fund (2)

Fidelity Mid-Cap Stock Fund (2)

Fidelity U.S. Bond Index Fund (2)

Fidelity U.S. Equity Index Commingled Pool Fund (2)

Harbor Capital Appreciation Fund (1)

Laudus Rosenberg US Small Cap Fund

Lord Abbett Mid-Cap Value Fund

UBS US Small Cap Growth Fund [1]

Vanguard Balanced Index Fund

(1) Effective April 2, 2007, these investment options were no longer available for the investment of future contributions under the Plan. Effective May 1, 2007, the balances in such investments options were transferred to pre-determined investment options.

(2) Party-in-interest

In addition, as of December 30, 2006 and 2005, the Plan had investments in the Convergys Corporation Common Stock Fund, which reflects common shares of Convergys Corporation (Convergys) that were received by the Plan due to the Company s distribution of Convergys shares to the Company s shareholders as of December 31, 1998. Eligible employees who have interests in the Convergys Corporation Common Stock Fund may transfer their balances to other funds available under the Plan but cannot transfer or direct future contributions to the Convergys Corporation Common Stock Fund.

The Plan s investments are stated at fair value. Each fund investment of the Plan is quoted in shares. Such shares are valued at quoted market prices, which generally represent the net asset value of shares in the applicable mutual or other fund. The values of the Plan s Cincinnati Bell and Convergys common stock funds were determined by the ending share values as last published by the New York Stock Exchange on December 30, 2006 and 2005. Common collective trust funds are stated at fair value as determined by the issuer of the common collective trust funds based on the fair market value of the underlying investments. Common collective trust funds with underlying investments in investment contracts are valued at the fair value of the underlying investments and then adjusted by the issuer to contract value. Loans to participants made by the Plan were valued at the principal amount owed by the participants on December 30, 2006 and 2005.

Purchases and sales of securities are reflected as of the trade date. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded on an accrual basis.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

i. **Administrative Expenses**: Administrative expenses of the Plan that are not clearly related to a specific investment fund are generally paid by the Company. However, the Plan permits certain of these expenses to be paid from the Plan assets and allocated and charged to each eligible employee s account based on the proportion that such employee s account balance bears to all account balances under the Plan.

j. **Forfeitures**: Any amounts forfeited by employees under the Plan are applied to reduce subsequent contributions of the Company to the Plan. During the plan year ended December 30, 2006, the Company s contributions were reduced by an immaterial amount from forfeited non-vested amounts.

k. **Use of Estimates**: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Plan to make estimates and assumptions that affect the reported amounts of Net Assets Available for Benefits and the reported Changes in Net Assets Available for Benefits during the reporting period. Actual results could differ from these estimates.

l. **Transfer to/from Other Plans**: If a Plan participant becomes a participant of the Cincinnati Bell Retirement Savings Plan, or if a participant of the Cincinnati Bell Retirement Savings Plan becomes a participant of the Plan, their Plan account balances are transferred to and assumed by the recipient plan. These transfers are included in Transfers to other Company-sponsored plans, net on the Statement of Changes in Net Assets Available for Benefits.

(2) Interest in Master Trust

At December 30, 2006 and 2005, the Plan s assets were held by the Cincinnati Bell Retirement Savings Plans Master Trust (the Master Trust). The Master Trust holds only the assets of the Plan and the Cincinnati Bell Retirement Savings Plan, an additional plan sponsored by the Company.

The purpose of the Master Trust is the collective investment of assets of the Plan and the Cincinnati Bell Retirement Savings Plan (collectively, the Savings Plans). Master Trust assets are allocated to the Savings Plans by assigning to each plan those transactions (primarily contributions and benefit payments) which can be specifically identified to that Savings Plan. Net investment income, gains and losses, and expenses resulting from the collective investment of the assets are allocated to the Savings Plans in proportion to the fair value of the assets allocated to the Savings Plans.

As of December 30, 2006 and 2005, the Plan s percentage of assets held in the Master Trust was 36% and 35%, respectively. The following table presents the fair value of the total investments held by the Master Trust, excluding participant loans, in which the Plan participates:

	December 30,	
(dollars in thousands)	**2006**	**2005**
Mutual funds and commingled funds	$ 189,136	$ 169,394
Common shares of the Company	27,552	23,666
Common shares of Convergys Corporation	19,782	15,821

Net assets available to participating plans at fair value	$ 236,470	$ 208,881
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	306	419
Net assets available to participating plans	$ 236,776	$ 209,300

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

During the plan year ended December 30, 2006, realized and unrealized gains and investment income on investments held by the Master Trust were as follows:

	Gain on Investments		Interest and
(dollars in thousands)	Realized	Unrealized	Dividends
Mutual funds and commingled funds	$ 1,360	$ 10,983	$ 9,830
Common shares of the Company	945	5,861	5
Common shares of Convergys Corporation	495	6,594	2
	$ 2,800	$ 23,438	$ 9,837

The Plan s portion of the gains on the Master Trust s investments and investment income for the plan year ended December 30, 2006 was as follows:

	Gain on Investments		Interest and
(dollars in thousands)	Realized	Unrealized	Dividends
Mutual funds and commingled funds	$ 470	$ 3,327	$ 3,044
Common shares of the Company	496	2,850	2
Common shares of Convergys Corporation	259	3,435	2
	$ 1,225	$ 9,612	$ 3,048

The Plan s share of the investments held in the Master Trust as of December 30, 2006 and 2005 that individually represent 5 percent or more of the Plan s net assets was as follows:

	December 30,	
(dollars in thousands)	2006	2005
Cincinnati Bell Inc. Common Stock Fund	$ 13,443	$ 11,911
Fidelity Managed Income Portfolio II Fund	10,527	11,798
Convergys Corporation Common Stock Fund	10,304	8,458
American Funds Fundamental Investors Fund	7,960	6,445
Fidelity Mid-Cap Stock Fund	7,379	6,265
American Funds EuroPacific Growth Fund	5,841	4,195
Fidelity U.S. Equity Index Commingled Pool Fund	5,126	4,491
Lord Abbett Mid-Cap Value Fund	3,616	3,784

(3) Amendment or Termination of the Plan

While the Company has not expressed any intent to terminate the Plan, it reserves the right to amend or terminate the Plan at any time. In the event of the termination of the Plan, all affected participants accounts would become 100% vested.

The Plan was amended, effective December 31, 2005, in order to reflect certain changes made in the regulations of the Internal Revenue Service issued under sections 401(k) and 401(m) (and related sections) of the Internal Revenue Code.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

The Plan was amended, effective January 1, 2006, to clarify certain eligibility and other provisions of the Plan, and to reflect changes to the Plan required by a collective bargaining agreement entered into between the Company and the representatives of the collective bargaining unit representing the bulk of the eligible employees, and ratified by the Company s employees represented by such unit, in 2005.

(4) Tax Status

The Internal Revenue Service issued on October 15, 2002 a favorable determination that the Plan meets the requirements of Section 401(a) of the Code and is exempt from federal income taxes under Section 501(a) of the Code. Such determination letter did not involve a review of the effect on the Plan of certain recent tax laws that have become effective after 2001. The Plan administrator and the Plan s tax counsel believe that the Plan is designed and has been operated in compliance with the applicable requirements of such recent tax laws. Therefore, no provision for income taxes has been included in the Plan s financial statements.

(5) Related Party Transactions

The Plan invests in the Master Trust, and the Master Trust s investments include shares of Cincinnati Bell common stock and shares of mutual funds managed by Fidelity. Cincinnati Bell is the sponsor and administrator of the Plan, and Fidelity is the Plan s trustee. Therefore, these investments qualify as party-in-interest transactions. Fees paid by the Plan to these parties-in-interest for the plan year were not material.

The amount of common stock of Cincinnati Bell Inc., the Plan sponsor, held in the Master Trust for the Plan was 2,941,231 and 3,393,227 shares with a cost basis of $18,267,043 and $21,722,080 at December 30, 2006 and 2005, respectively.

(6) Concentrations, Risks, and Uncertainties

The Master Trust has a significant concentration of investments in Cincinnati Bell Inc. and Convergys Corporation common stock. A change in the value of these stocks could cause the value of the Plan s net assets to change significantly due to this concentration.

The Plan provides for various investment options in money market funds, mutual funds, commingled funds, and Cincinnati Bell and Convergys common stock. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the Statements of Net Assets Available for Plan Benefits.

(7) Contingencies ERISA Settlement

Between November 18, 2002 and March 17, 2003, five putative class action lawsuits were filed against the Company (which was then named Broadwing Inc.) and certain of its current and former officers and directors in the United States District Court for the Southern District of Ohio, which cases were consolidated. Fidelity Management Investment Trust Company was also named as a defendant in these actions.

These cases, which purported to be brought on behalf of the Plan, the Cincinnati Bell Retirement Savings Plan (then named the Broadwing Retirement Savings Plan), and a class of participants in the Savings Plans, generally alleged that the defendants breached their fiduciary duties under ERISA by improperly encouraging the Savings Plans participant-plaintiffs to elect to invest in the Company stock fund within the relevant plan and by improperly continuing to make employer contributions to the Company stock fund within the relevant plan.

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS

On February 22, 2006, the Company entered into a Stipulation and Agreement of Settlement of ERISA Actions (the Agreement) providing for the settlement of the consolidated case with no finding or admission of any wrongdoing by any of the defendants in the lawsuit. Under the Agreement, defendants were obligated to pay $11 million, which payment has been made on their behalf by their insurers, to a fund to settle the claims of, and obtain a release of all claims from, the class members. On March 13, 2006, the Court issued an order giving preliminary approval of the Agreement and scheduled a Settlement Fairness Hearing. The Settlement Fairness Hearing took place on June 22, 2006. On October 5, 2006, the Court issued a final order approving the Stipulation and Agreement of Settlement as submitted by the parties. Accordingly, this case has been dismissed with prejudice.

Administrators, appointed by the plaintiffs counsel, will allocate the settlement proceeds (after deducting plaintiffs attorneys fees, the costs of an independent fiduciary employed to act on behalf of the Savings Plans, and the other costs of the administration of the Agreement) among persons who were in the class of persons on whose behalf the cases were purportedly brought based on a prescribed calculation in the Agreement. This calculation will be performed within 30 days of the Court s final approval of the Agreement and accounted for each person s individual share of the total loss of the Savings Plans arising from the investment in the Company s stock (as such loss was determined and agreed to for purposes of the Agreement). Under the Agreement, each person will receive a percentage of the net settlement proceeds that was equal to his or her share of such total loss of the Savings Plans. The settlement proceeds will be paid directly to each person and not to the Savings Plans.

(8) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

(dollars in thousands)	December 30, 2006	December 30, 2005
Net assets available for benefits per financial statements	$ 87,630	$ 76,653
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(125)	(173)
Net assets available for benefits per the Form 5500	$ 87,505	$ 76,480

The following is a reconciliation of investment income per the financial statements to the Form 5500:

(dollars in thousands)	December 30, 2006
Investment income from Master Trust	$ 13,885
Adjustment from contract value to fair value for fully benefit-responsive investment contracts for the year ended December 30, 2005	173
Adjustment from contract value to fair value for fully benefit-responsive investment contracts for the year ended December 30, 2006	(125)
Net investment gain per the Form 5500	$ 13,933

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CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN

SCHEDULE OF ASSETS (HELD AS OF DECEMBER 30, 2006)

FORM 5500 SCHEDULE H, LINE 4(i)

Issuer	Description of Investment	Fair Value
Participant Loans*	6 to 60 months (5.0% - 10.0%)	$ 3,213,779

* Party-in-interest

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Employees Benefit Committee have duly caused this annual report to be signed by the undersigned, thereunto duly authorized.

	CINCINNATI BELL INC. SAVINGS AND SECURITY PLAN
June 27, 2007	By /s/ Donald R. Scheick Donald R. Scheick Secretary - Employees Benefit Committee

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EXHIBIT INDEX

Exhibit Number	Description
23	Consent of Independent Registered Public Accounting Firm