CINCINNATI BELL INC
Form DEF 14A
March 24, 2014

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 ý 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))
ý 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):
ý No fee required.

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(3) Filing Party:
(4) Date Filed:

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 6, 2014

To Our Shareholders:

The 2014 Annual Meeting of Shareholders of Cincinnati Bell Inc. (the “Company”) will be held on Tuesday, May 6, 2014, at 11:00 a.m., Eastern Time, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio 45202, for the following purposes:

1 To elect nine directors to serve a one-year term ending in 2015;

2 To seek advisory approval of the Company's executive compensation;

3 To ratify the appointment of the Company's independent accountants to audit the financial statements of the Company for the year 2014; and

4 To consider any other matters that may properly come before the meeting or any adjournments or postponements of the meeting.

The Board of Directors has established the close of business on March 7, 2014 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 24, 2014

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 6, 2014: The Proxy Statement and Annual Report are available at www.proxyvote.com

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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 6, 2014

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 2014 Annual Meeting of Shareholders. The Annual Meeting will be held on Tuesday, May 6, 2014, at 11:00 a.m., Eastern Time, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio 45202. 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, 2013, and the Company's Summary 2013 Annual Report are being furnished to the shareholders beginning on or about March 27, 2014.

The Company's Board of Directors has established the close of business on March 7, 2014 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 nine directors to serve a one-year term ending in 2015;
2. To seek advisory approval of the Company's executive compensation;
3. To ratify the appointment of the Company's independent accountants to audit the financial statements of the Company for the year 2014; and
4. To consider any other matters that may properly come before the meeting or any adjournments or postponements of the meeting.

PLEASE VOTE - YOUR VOTE IS IMPORTANT

Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell", "we", "our", "us" or the "Company") is a full-service regional provider of entertainment, data and voice communications services over wireline and wireless networks, a provider of managed and professional information technology services, and a reseller of information technology ("IT") and telephony equipment. In addition, enterprise customers across the United States rely on Cincinnati Bell Technology Solutions Inc. ("CBTS"), a wholly-owned subsidiary, for efficient, scalable communications systems and end-to-end IT solutions.

On January 24, 2013, we completed the initial public offering ("IPO") of CyrusOne Inc. ("CyrusOne"), a former subsidiary which owns and operates our former data center colocation business. CyrusOne, which conducts its data center business through CyrusOne LP, an operating partnership, is a full service provider of data center colocation services to enterprise customers through its facilities with fully redundant power and cooling solutions that are currently located in the Midwest, Texas, Arizona, London and Singapore. Cincinnati Bell is the majority owner of CyrusOne (NASDAQ: CONE), a real estate investment trust ("REIT"), effectively owning approximately 69% of the economic interests of CyrusOne through the ownership of its common stock and partnership units of CyrusOne LP. However, effective January 24, 2013, we no longer have control over CyrusOne's operations and no longer consolidate CyrusOne in our consolidated financial statements. Our ownership in CyrusOne is now accounted for as an equity method investment.

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 6, 2014. 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 Company's combined Proxy Statement, Summary 2013 Annual Report and Annual Report on Form 10-K for the year ended December 31, 2013, which includes our 2013 consolidated financial statements, contain 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?

A1: The election of nine directors to serve a one-year term ending in 2015;

A2: The advisory approval of the Company's executive compensation; and

A3: 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 2014.

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;
- “FOR” the advisory approval of the Company's executive compensation; 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 2014.

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 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 Notice and on the website. 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 6 3/4% Cumulative Convertible Preferred Shares that you own (or for which you have been given the right to provide instructions 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 has 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.
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 each of the matters presented in this proxy statement for which you did not provide specific voting instructions, 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 NYSE. 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) and Proposal 2 (advisory approval of the Company's executive compensation) are considered non-routine matters, and your broker or nominee cannot vote your shares without your specific voting instructions. Proposal 3 (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 do 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 (advisory vote on executive compensation) or Proposal 3 (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.

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 Current Report on Form 8-K, which will be filed on or before May 12, 2014.

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.

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Q: What classes of shares are entitled to be voted?
A: Each common share and each 6 3/4% 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 6 3/4% 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 6 3/4% 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 208,740,635 outstanding common shares and 155,250 6 3/4% Cumulative Convertible Preferred Shares 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 on the Record Date 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 has 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.
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 $10,500 plus expenses. We have also hired Broadridge for a fee of approximately $10,000 plus expenses to assist us in facilitating the voting of proxies over the internet and serving as the Inspector of Elections. 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 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: GAMCO Investors, Inc. and affiliates, Blackrock, Inc., The Vanguard Group, and Wells Fargo & Company. See page 24 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 that 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 59.

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.

During 2013, the composition of our board changed significantly due primarily to the IPO of CyrusOne. Effective January 23, 2013, in connection with the IPO of CyrusOne, Mr. Alex Shumate resigned from the Board and joined CyrusOne's Board of Directors representing Cincinnati Bell. In addition, Mr. Gary J. Wojtaszek resigned from his positions with the Company, including as a member of the Board, effective January 23, 2013 to assume the role of Chief Executive Officer of CyrusOne and become a member of the CyrusOne Board of Directors. Also effective with the IPO of CyrusOne, the Company appointed Mr. John F. Cassidy as CyrusOne's Chairman of the Board of Directors, and he continues to serve in such capacity currently.

Subsequent to the successful completion of the IPO, Mr. Cassidy retired from his position as President and Chief Executive Officer of Cincinnati Bell effective January 31, 2013 and assumed the role of Vice Chairman of the Board to facilitate an appropriate transition of the President and Chief Executive Officer responsibilities to Mr. Theodore H. Torbeck, who assumed such capacity effective January 31, 2013. Following the successful transition of responsibility to Mr. Torbeck, Mr. Cassidy retired from the Board effective December 31, 2013.

On April 29, 2013, Mr. Bruce L. Byrnes, an incumbent director and nominee for re-election to the Board of Directors, informed the Board and the Company that he was retiring as a director effective April 30, 2013. Mr. Byrnes stated in his retirement letter that there were no disagreements between the Company and himself or the Board and himself relative to his retirement. Effective October 10, 2013, Messrs. Russel P. Mayer and Theodore H. Schell were appointed to the Board to fill the vacancies resulting from the IPO of CyrusOne and the retirement of Mr. Byrnes.

The Company has a long-standing policy that the positions of Chairman of the Board (currently held by Mr. Cox) and Chief Executive Officer (held by Mr. Cassidy until January 31, 2013 and currently held by Mr. Torbeck) should be held by separate persons, as discussed in its Corporate Governance Guidelines. 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 the 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 2013, the Board held nine meetings, and all directors attended at least 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 2013 Annual Meeting of Shareholders.

For information on how to obtain a copy of the Company's Corporate Governance Guidelines, please see page 59.

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 2013 is (or was) independent and has (or had) no relationship with the Company, except as a director and shareholder:

- Bruce L. Byrnes**
- Phillip R. Cox
- Jakki L. Haussler
- Craig F. Maier
- Russel P. Mayer***
- Theodore H. Schell***
- Alan R. Schriber
- Alex Shumate*
- Lynn A. Wentworth
- John M. Zrno

* Mr. Shumate resigned from the Board effective January 23, 2013.
** Mr. Byrnes retired from the Board effective April 30, 2013
*** Messrs. Mayer and Schell were appointed to the Board effective October 10, 2013.

In addition, based on these standards, the Board determined that (a) Mr. Torbeck was not independent because he served as the President and Chief Executive Officer of the Company in 2013, (b) Mr. Cassidy was not independent because he served as the President and Chief Executive Officer of the Company until January 31, 2013 and (c) Mr. Wojtaszek was not independent because he served as the President of CyrusOne, a former wholly-owned subsidiary of the Company.

Executive Sessions of Non-Employee Directors

The non-employee 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-employee directors.

Committees of the Board

The following table sets forth the membership of the committees of the Board at the end of 2013:

Name of Director	Audit and Finance	Compensation	Governance and Nominating	Executive
Non-Employee Directors (a)				
Phillip R. Cox	*	*	*	* (Chair)
Jakki L. Haussler	*	*		
Craig F. Maier	*	*		
Russel P. Mayer (b)			*	
Theodore H. Schell (b)	*		*(Chair)	*
Alan R. Schriber			*	
Lynn A. Wentworth	* (Chair)	*		*
John M. Zrno		* (Chair)	*	*
Employee Directors				
Theodore H. Torbeck (c)				*
John F. Cassidy (d)				

(a) All non-employee directors were determined by the Board to be independent directors.
(b) Effective October 10, 2013, Messrs. Mayer and Schell were appointed to fill vacancies on the Board.
(c) Effective January 31, 2013, Mr. Torbeck was named President and Chief Executive Officer of the Company.
(d) Effective January 31, 2013, Mr. Cassidy retired from his position as President and Chief Executive Officer and was appointed Vice Chairman of the Board. Mr. Cassidy retired from the Board effective December 31, 2013, following the successful transition of Mr. Torbeck to President and Chief Executive Officer.

Audit and Finance Committee: The Audit and Finance Committee currently consists of five persons, none of whom is an executive officer of the Company. The Audit and Finance Committee held five meetings during 2013. The purpose of the Audit and Finance Committee is, among other things, to assist the Board 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 59.

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 Company's Internal Audit department. 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.

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 and Ms. Haussler are audit committee financial experts 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. For Ms. Wentworth's and Ms. Haussler's relevant experience, please see pages 17 - 19.

Compensation Committee: The Compensation Committee currently consists of five persons, none of whom is an executive officer. The Compensation Committee held six meetings during 2013. 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 59.

The Compensation Committee meets as often as necessary to perform its duties. 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: In 2013, the Governance and Nominating Committee consisted of five persons, none of whom is an executive officer. The Governance and Nominating Committee held three meetings during 2013. 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 59.

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. The Committee held no meetings during 2013. The Executive Committee acts on behalf of the Board in certain matters, when necessary, between Board meetings.

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 2014 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. For information on how to propose a candidate to serve on the Board, please see page 58. 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 that 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.

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 during the period of their employment. If such directors continue on the Board after their employment ends, such directors may receive additional compensation in connection with such continual service.

General Compensation Policy for Non-Employee Directors

Directors who are not employees of the Company or any subsidiary of the Company ("non-employee directors") while serving as directors of the Company receive compensation from the Company for their service on the Board. The table below sets forth the annual compensation for non-employee directors in 2013 (including a director who was a former employee of the Company with respect to his Board service after retirement from the Company).

Compensation Element	2013
Chairman of the Board Annual Retainer (a)	$320,000
Vice Chairman of the Board Annual Retainer (b)	$300,000
Annual Board Retainer	$70,000
Annual Audit and Finance Committee Chairman Retainer	$27,000
Annual Audit and Finance Committee Member Retainer	$15,000
Annual Compensation Committee Chairman Retainer	$18,000
Annual Compensation Committee Member Retainer	$10,000
Annual Governance and Nominating Committee Chairman Retainer	$16,000
Annual Governance and Nominating Committee Member Retainer	$10,000

(a) The Chairman is not entitled to receive any of the other annual Board or Committee retainers described above.

(b) After his retirement as an employee of the Company effective January 31, 2013, Mr. Cassidy was elected Vice Chairman of the Board. He received cash compensation in the amount of $275,000 for his service as Vice Chairman of the Board. Mr. Cassidy retired from the Board effective December 31, 2013, following Mr. Torbeck's successful transition as the Company's President and Chief Executive Officer.

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.

Subject to future changes in the Directors Deferred Compensation Plan, the Board may, in its discretion, also credit to the plan account of any non-employee director of the Company 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 non-employee directors. In exercise of such discretion in 2013, no credits were made to the non-employee directors plan accounts as the value of their restricted grants was increased. Any credit made by the Board in its discretion to 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 in prior years. 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 was or 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 any credit that is or has been made by the Board in its discretion to his or her plan account (or that is attributable to certain Board designated annual credits made to his or her plan account in earlier years) 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 director'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.

Non-Employee Directors Plan

The Company grants its non-employee directors time-based restricted shares and/or options to purchase common shares under the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (the “2007 Directors 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 number of restricted common shares and/or a stock option for a number of 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.

Under the 2007 Directors Plan, up to 1,000,000 common shares may in the aggregate be the subject of awards granted during the life of the plan, all of which could be subject to stock option awards or restricted stock awards. The Company has flexibility regarding the type of awards to issue. 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.

Under the 2007 Directors Plan, the Company annually grants time-based restricted shares with an aggregate value of $70,000 on the date of grant to each incumbent non-employee director. The restricted shares issued in 2012 and prior vest on the third anniversary of the grant date. The restricted shares issued in May 2013 vest on the second anniversary of the grant date.

Each stock option granted to a non-employee director under the 2007 Directors 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 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).

Director Compensation in 2013 Fiscal Year

The following table shows the compensation paid to our non-employee directors and Mr. Cassidy, for his service as Vice Chairman of the Board after his retirement from the Company, for the 2013 fiscal year:

Director Compensation for Fiscal 2013

Name	Fees Earned or Paid in Cash ($) (a)	Stock Awards ($) (b) (c)	Option Awards ($) (c)	Total ($)
Bruce L. Byrnes (d)	166,675	—	—	166,675
John F. Cassidy (e)	275,000	—	—	275,000
Phillip R. Cox	320,000	70,000	—	390,000
Jakki L. Haussler	95,000	70,000	—	165,000
Craig F. Maier	95,000	70,000	—	165,000
Russel P. Mayer (f)	20,000	—	—	20,000
Theodore H. Schell (f)	25,250	—	—	25,250
Alan R. Schriber	80,000	70,000	—	150,000
Alex Shumate (d)	200,609	—	—	200,609
Lynn A. Wentworth	107,000	70,000	—	177,000
John M. Zrno	99,690	70,000	—	169,690

(a) No Board member elected to defer fees or annual retainers in fiscal 2013.

(b) The values reflect the aggregate grant-date fair value of the 117,978 time-based restricted share awards granted on May 3, 2013 computed in accordance with Accounting Standards Codification Topic 718, "Compensation - Stock Compensation" ("ASC 718") for all awards. For a discussion of the valuation assumptions and methodology, see Note 14 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2013.

(c) As of December 31, 2013, the non-employee directors and former directors held an aggregate of 642,157 unvested stock awards and an aggregate of 3,780,453 option awards (granted in years prior to 2008), as set forth in the table below.

(d) Mr. Byrnes retired from the Board effective April 30, 2013 and Mr. Shumate resigned from the Board effective January 23, 2013. The total amounts for Messrs. Byrnes and Shumate include payments in lieu of restricted stock that was forfeited upon their retirement/resignation.

(e) In lieu of any Board or committee retainers, Mr. Cassidy received cash compensation in the amount of $275,000, prorated for his service as Vice Chairman of the Board after he retired as the Company's President and Chief Executive Officer effective January 31, 2013. Mr. Cassidy retired from the Board effective December 31, 2013, following Mr. Torbeck's successful transition as the Company's President and Chief Executive Officer.

(f) Messrs. Mayer and Schell were appointed to the Board on October 10, 2013.

Name	Number of Unvested Stock Awards Outstanding as of December 31, 2013	Number of Option Awards Outstanding as of December 31, 2013
Bruce L. Byrnes	—	36,000
John F. Cassidy (1)	351,625	3,624,053
Phillip R. Cox	48,422	36,000
Jakki L. Haussler	48,422	—
Craig F. Maier	48,422	—
Russel P. Mayer	—	—
Theodore H. Schell	—	—

Alan R. Schriber	48,422	—
Lynn A. Wentworth	48,422	—
John M. Zrno	48,422	84,400

(1) All of Mr. Cassidy's awards and options were earned while he served as an officer of the Company. No such awards were granted to Mr. Cassidy in connection solely with his service on the Board after his retirement.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2013, the members of the Compensation Committee included Ms. Wentworth, Ms. Haussler and Messrs. Cox, Maier, and Zrno. None of the Compensation Committee members have at any time been an officer or employee of the Company. None of the Company's executive officers serve, 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 59.

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 2013, there were no related party transactions requiring disclosure, except as follows: Prior to his appointment to the Board, Mr. Mayer served as an executive officer of General Electric Co. (“GE”), a significant client of the Company. In evaluating the transaction, the Governance and Nominating Committee considered the fact that (a) Mr. Mayer had retired from GE prior to his appointment to the Board and (b) no longer served in any capacity with GE and thus received no direct or indirect material benefit because of the Company’s business relationship with GE. Further, the Board affirmatively determined that the transaction is an immaterial relationship that does not affect the independence of Mr. Mayer under the standards set forth in the NYSE Rules and SEC rules. The Company believed that the transactions entered into between the Company and GE were on terms that are reasonable and in the best interests of the Company. The Board has determined that Mr. Mayer received no material benefit as a result of such transactions.

ELECTION OF DIRECTORS

(Item 1 on 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 currently an officer of the Company.

The directors will serve until their respective successors are elected and qualified.

The Board has nominated Phillip R. Cox, Jakki L. Haussler, Craig F. Maier, Russel P. Mayer, Theodore H. Schell, Alan R. Schriber, Lynn A. Wentworth, John M. Zrno and Theodore H. Torbeck, all of whom are incumbent directors, to serve until the 2015 Annual Meeting of Shareholders. Messrs. Mayer and Schell were appointed to the Board on October 10, 2013 to fill vacancies resulting from the resignation of Alex Shumate in connection with the IPO of CyrusOne and the retirement of Mr. Byrnes. Upon Mr. Cassidy’s retirement from the Board, the size of the Board was reduced to nine members. The Board has determined all director nominees, other than Mr. Torbeck, are independent and have no relationship with the Company other than as a shareholder and director.

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 on pages 17 - 19.

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 will 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 Regulations, 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.

Vote Required

A director nominee must receive a majority of the votes cast to be elected to the Board. Since 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 the election.

Our Recommendation
The Board recommends election of each of the nominees.
The following are brief biographies of each person nominated for election as a director of the Company.
NOMINEES FOR DIRECTORS
(Terms Expire in 2015)

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 and Duke Energy Corporation. Director since 1993. Age 66.

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. In addition, having served as Chairman of the Company's Board since 2003, Mr. Cox has demonstrated an effective management style and the ability to facilitate the Board's primary oversight functions.

Phillip R. Cox

Ms. Haussler has served as Chairman and Chief Executive Officer of Opus Capital Group (a registered investment advisory firm) since 1996. She is a former director of Capvest Venture Fund, LP and a former director of Adena Ventures, LP (a venture capital fund). She is a former director of The Victory Funds. Director since 2008. Age 56.

With more than 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. 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), an attorney in the State of Ohio (inactive), and an audit committee financial expert under SEC regulations. This experience, coupled with her educational background, makes her a valuable asset to the Board, the Audit and Finance Committee and the Compensation Committee.

Jakki L. Haussler

Mr. Maier has been President and Chief Executive Officer of Frisch's Restaurants, Inc. (operator of family style restaurants) since 1989. He is also a director of Frisch's Restaurants, Inc. Director since 2008. Age 64.

With over 20 years of experience as the chief executive officer of a large, publicly-traded corporation, Mr. Maier brings to the Board 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, the Audit and Finance Committee and the Compensation Committee.

Craig F. Maier

Mr. Mayer is retired. Prior to joining the Board, Mr. Mayer held several, executive-level information technology and business process improvement positions at General Electric. Most recently, he was Executive Vice President, CIO, and Quality Leader at GE Healthcare from 2009 to 2012. Prior to that, he was Executive Vice President and CIO at GE Healthcare from 2005 to 2008; Vice President and CIO at GE Aircraft Engines and GE Transportation from 2000 to 2005; and CIO and Chief Quality Officer at NBC from 1998 to 2000. He held various other information technology and business process improvement positions at GE from 1986 to 1998. Prior to that he held multiple positions at Chiquita Brands, Republic Steel and Enduro Stainless. He is a director and a member of the Governance & Nominating Committee. Director since 2013. Age 60.

With over 35 years of information technology and business process improvement experience at large, global organizations, Mr. Mayer brings relevant industry experience from the customer's perspective. This experience makes him a very valuable asset to the Board as well as the Governance and Nominating Committee. He also serves as a valuable resource to the Company's management team.

Russel P. Mayer

Mr. Schell is currently a managing director at Associated Partners LP, a private equity firm investing primarily in telecommunications infrastructure. He is also a Senior Advisor to Siris Capital, a private equity firm focusing on telecommunications technologies and services companies. Mr. Schell is also an active investor in early stage internet, technology and related telecommunications ventures. Prior to these current positions, Mr. Schell was a general partner at Apex Partners from 2000 to 2003 where he oversaw U.S. investments in telecommunications, wireless and related technologies and applications. Prior to joining Apax Partners, Mr. Schell was Senior Vice President for Strategy and Corporate Development at Sprint Corporation and served on its Management Committee from 1989 to 2000. Before joining Sprint Corporation, Mr. Schell was the founder, president and chief executive officer at Realcom Communications Corporation, an integrated provider of voice and data technology and services to corporate clients, from 1983 until its acquisition by IBM in 1987. Prior to Realcom, Mr. Schell served as Counselor and Chief of Staff to the U.S. Secretary of Commerce. He is a director, Chairman of the Governance and Nominating Committee and a member of the Audit and Finance Committee. Director since 2013. Age 69.

With over 30 years of experience in the telecommunication industry, both as a business executive and as an investor, Mr. Schell brings valuable insight and demonstrated leadership to the Board. He not only understands what it takes to grow a telecommunications business, he also knows how such business enterprises are evaluated and analyzed by investors. This experience makes Mr. Schell a very valuable resource to the Board, the Governance and Nominating Committee and the Audit and Finance Committee.

Theodore H. Schell

Dr. Schriber is a consultant. He was Chairman of the Public Utilities Commission of Ohio from 1999 to 2010. He also served as Chairman of the Ohio Power Siting Board from 1999 to 2010. Prior to his public service, Dr. Schriber was President of ARS Broadcasting Corp., an owner and operator of radio stations in Indiana, from 1983 to 1997. He also was an Assistant Professor of Economics at Miami University in Oxford, Ohio from 1977 to 1983, where he taught government regulation of business, micro- and macro-economic theory, money and banking. He is also a director of American Transmission Company and Globe Specialty Metals. Director since 2011. Age 68.

Dr. Schriber's knowledge and experience in the regulation of telecommunications and power generating utilities, as well as his management experience as President of ARS Broadcasting Corp., and his academic training in economics make him a very valuable asset to the Company's Board. This knowledge and experience is particularly useful to the Board and the Governance and Nominating Committee.

Alan R. Schriber, Ph.D.

Ms. Wentworth is the former 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 licensed in the state of Georgia. She is a director and chair of the Audit Committee of Graphic Packaging Holding Company. Director since 2008. She chairs the Audit and Finance Committee and serves as a member of the Compensation and Executive Committees. Age 55.

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 and as the Chair of the Audit and Finance Committee. Ms. Wentworth qualifies as an audit committee financial expert under applicable SEC regulations. 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.

Lynn A. Wentworth

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. Director since 1999. Age 75.

With over 30 years of experience in the telecommunications industry and his past experience as the chief executive officer of two large telecommunications corporations, Mr. Zrno brings to the Board 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 as the Chairman of the Compensation Committee and as a member of the Governance and Nominating Committee.

John M. Zrno

Mr. Torbeck was named President and Chief Executive Officer of Cincinnati Bell Inc. effective January 31, 2013. He joined Cincinnati Bell in 2010 as President and General Manager of Cincinnati Bell Communications Group. Prior to joining Cincinnati Bell, Mr. Torbeck was Chief Executive Officer of the Freedom Group and also worked more than 25 years for the General Electric Co. ("GE"), where he served as the Vice President of Operations for GE Industrial Business, President and CEO of GE's Rail Services business as well as Vice President of Global Supply Chain for GE Aviation. Director since January 2013. Age 57.

Mr. Torbeck brings to the Board critical knowledge and understanding of the products and services offered by the Company and a strong understanding of the telecommunications industry. Mr. Torbeck's prior business and management experience also provides the Board with a valuable perspective on managing a successful business.

Theodore H. Torbeck

ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION
(Item 2 on Proxy Card)

As required by the Dodd-Frank Act and pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, the Company is submitting to its shareholders a vote for the advisory approval of the Company's executive compensation (“say-on-pay vote”). The Board of Directors determined that it would submit a say-on-pay vote to our shareholders annually. This year's say-on-pay vote addresses our executive compensation as disclosed in the Compensation Discussion and Analysis section ("CD&A") beginning on page 27 and the Executive Compensation section beginning on page 44.
The guiding principles of the Company's compensation policies and decisions include aligning each executive's compensation with the Company's business strategy and providing incentives needed to attract, motivate and retain key executives who are important to our long-term success. Consistent with this philosophy, a significant portion of the total compensation for each of our executives is directly related to the Company's revenues, earnings and other performance factors that measure our progress against the goals of our strategic plan as well as performance against our peer companies. The Compensation Committee and the Board believe that our compensation design and practices are effective in implementing our strategic goals. For the above reasons, we ask our shareholders to vote “FOR” the following resolution:
“RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”
The say-on-pay vote is advisory and, therefore, not binding on the Company, the Compensation Committee or the Board. However, our Board and our Compensation Committee value the opinions of our shareholders and to the extent there is any significant vote against the named executive officers' compensation as disclosed in this Proxy Statement, we will seek to determine the causes of any significant negative voting results in an effort to better understand shareholder issues and concerns with our executive compensation.
Vote Required
Approval of this proposal requires the affirmative vote of the holders of a majority of the common shares and $6^3/4$% Cumulative Convertible Preferred Shares, voting as one class, present in person or represented by proxy at the annual meeting and entitled to vote on this proposal. Under the rules of the NYSE, brokers are prohibited from giving proxies to vote on executive compensation matters unless the beneficial owner of such shares has given voting instructions on the matter. This means that, if your broker is the recordholder of your shares, you must give voting instructions to your broker with respect to this Item 2 if you want your broker to vote your shares on this matter. Proxies submitted without direction pursuant to this solicitation will be voted for the approval of the compensation of our named executive officers, as disclosed in this Proxy Statement. Abstentions will have the same effect as a vote against this proposal. Broker non-votes are not considered shares entitled to vote on this proposal and will have no impact on the outcome of this proposal.
Our Recommendation
The Board recommends that shareholders vote “FOR” the advisory approval of the Company's executive compensation of its named executive officers as disclosed in the CD&A and Executive Compensation sections of this Proxy Statement.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Item 3 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, 2014, 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, 2014.

The Company is asking the shareholders to ratify the Committee's appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending December 31, 2014. If the shareholders do not ratify this appointment, the Audit and Finance Committee will consider the results of the vote and determine whether to appoint a different independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending December 31, 2014.

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 6 ¾% 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 of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm for the year 2014.

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, 2013, the matters required to be discussed by the Statement on Auditing Standard No. 16, Communications with Audit Committees, and Related and Transitional Amendments to PCAOB Standards and as adopted by the Public Company Accounting Oversight Board ("PCAOB"). 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 PCAOB, 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, 2013 be included in the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2013.

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 and Jakki L. Haussler are audit committee financial experts 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
Theodore H. Schell

INDEPENDENT ACCOUNTANTS

Audit Fees

Deloitte & Touche LLP was the Company's Independent Registered Public Accounting Firm for the 2013 and 2012 fiscal years. Aggregate fees for professional services rendered by Deloitte & Touche LLP for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Audit fees	$1,456,500	$1,998,688
Audit related fees	51,000	1,065,000
Tax fees	43,500	260,568
All other fees	—	—
Total	$1,551,000	$3,324,256

Audit fees

The audit fees for the years ended December 31, 2013 and 2012 were for services rendered in connection with the audit of the Company's annual financial statements, review of quarterly 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 year ended December 31, 2013 were for various accounting consultations. The audit related fees for the year ended December 31, 2012 were for professional services rendered for CyrusOne's debt and common stock offerings and various accounting consultations leading to the initial public offering of CyrusOne.

Tax fees

Tax fees for the years ended December 31, 2013 and 2012 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, 2013 and 2012.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of common shares as of December 31, 2013 (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 6 3/4% Cumulative Convertible Preferred Shares.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned		Percent of Common Shares
GAMCO Investors, Inc. and affiliates One Corporate Center Rye, NY 10580	23,705,258	(a)	11.37%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	21,239,408	(b)	10.20%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	15,441,815	(c)	7.42%
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	14,796,587	(d)	7.11%

(a) As reported on Schedule 13D/A filed on June 4, 2013 by GAMCO Investors, Inc., Gabelli Funds, LLC has sole voting and dispositive power for 9,575,588 common shares, GAMCO Asset Management Inc. has sole voting power for 12,786,939 common shares and sole dispositive power for 13,391,089 common shares, MJG Associates, Inc. has sole voting and dispositive power for 30,000 common shares, Mario J. Gabelli has sole voting and dispositive power for 22,000 common shares, Teton Advisors has sole voting and dispositive power for 440,005 common shares, Gabelli Securities, Inc. has sole voting and dispositive power for 238,176 common shares and GAMCO Investors Inc. has sole voting and dispositive power for 8,400 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 6 3/4% Cumulative Convertible Preferred Shares.

(b) As reported on Schedule 13G/A filed on January 10, 2014 by BlackRock, Inc., as of December 31, 2013, BlackRock, Inc. has sole voting for 20,498,738 common shares and sole dispositive power for 21,239,408 common shares.

(c) As reported on Schedule 13G filed on February 12, 2014 by The Vanguard Group, as of December 31, 2013, The Vanguard Group has sole voting power for 333,406 common shares and sole dispositive power for 15,131,638 common shares. The Vanguard Group has shared dispositive power for 310,177 common shares with Vanguard Fiduciary Trust Company.

(d) As reported on Schedule 13G filed on February 13, 2014 by Wells Fargo & Company, as of December 31, 2013, Wells Fargo & Company beneficially owns 14,796,587 common shares and has shared voting power for 14,795,469 common shares, shared dispositive power for 14,753,127 common shares, and sole voting and dispositive power for 11 common shares.

The following table sets forth the beneficial ownership of common shares and 6 3/4% Cumulative Convertible Preferred Shares as of March 7, 2014 (except as otherwise noted) by (i) each director identified on page 14 and each executive officer named in the Summary Compensation Table on page 44, and (ii) all directors and executive officers of the Company as a group.

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

Name and Address of Beneficial Owner	Common Shares Beneficially Owned as of March 7, 2014 (a)	Percent of Common Shares (b)	Convertible Preferred Shares Beneficially Owned as of March 7, 2014 (c)	6 3/4% Cumulative Convertible Preferred Shares (c)
Bruce L. Byrnes	97,427	*	—	*
John F. Cassidy	4,256,248	2.0%	—	*
Phillip R. Cox	87,443	*	—	*
Joshua T. Duckworth	6,005	*	—	*
Leigh R. Fox	28,883	*	—	*
Kurt A. Freyberger	119,042	*	—	*
Jakki L. Haussler	77,101	*	—	*
David L. Heimbach	96,114	*	—	*
Craig F. Maier	75,526	*	—	*
Russel P. Mayer (d)	—	*	—	*
Theodore H. Schell (d)	—	*	—	*
Alan R. Schriber	48,422	*	—	*
Theodore H. Torbeck	1,141,028	*	—	*
Lynn A. Wentworth	73,942	*	—	*
Christopher J. Wilson	283,921	*	—	*
John M. Zrno (e)	193,667	*	—	*
All directors and executive officers as a group (consisting of the 17 persons named above)	6,584,769	3.2%	—	*

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

(a) Includes common shares subject to outstanding options and share-settled SARs under the Cincinnati Bell Inc. 1997 Long Term Incentive Plan, the Cincinnati Bell Inc. 2007 Long Term Incentive Plan and the Directors Plan that are exercisable as of March 7, 2014. The following options and SARs are included in the totals: 36,000 common shares for Mr. Byrnes; 3,461,043 common shares for Mr. Cassidy; 36,000 common shares for Mr. Cox; 1,800 common shares for Mr. Duckworth; 1,500 common shares for Mr. Fox; 6,150 common shares for Mr. Heimbach; 57,725 common shares for Mr. Torbeck; 77,087 common shares for Mr. Wilson; and 84,400 common shares for Mr. Zrno. Effective January 31, 2013, the Company updated its Insider Trading Policy to expressly bar ownership of financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common shares and to prohibit officers and directors from pledging Company securities as collateral for loans.

(b) These percentages are based upon 208,740,635 common shares issued and outstanding as of March 7, 2014, the Record Date.

(c) 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.

(d) Mr. Mayer and Mr. Schell joined the Board on October 10, 2013 and do not currently own any common shares of Cincinnati Bell stock.

(e) Amount includes 25,000 common shares held by the Zrno Family Limited Partnership.

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, 2013.

COMPENSATION COMMITTEE
John M. Zrno, Chairman
Phillip R. Cox
Jakki L. Haussler
Craig F. Maier
Lynn A. Wentworth

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The material on the following pages sets forth an overview and discussion of the Company's executive compensation philosophy and how it functions to create alignment between shareholders and our executives.

2013 was a unique year in the Company’s history due to the successful completion of the initial public offering (“IPO”) of CyrusOne, the retirement of John F. Cassidy as President and Chief Executive Officer, and the appointment of Theodore H. Torbeck as his successor.

The IPO of CyrusOne was successfully completed on January 24, 2013. This was a major milestone because the IPO allowed the Company to monetize a minority stake in CyrusOne while retaining a majority equity position. More specifically, the Company effectively reduced its indebtedness by approximately $450 million as a result of the IPO. The Company remains the majority owner of CyrusOne (NASDAQ: CONE), a publicly-traded real estate investment trust (REIT”), with an ownership stake of approximately 69% in the form of common stock and partnership units that are convertible into common stock. As of December 31, 2013, the Company’s remaining equity stake in CyrusOne was valued at $993.2 million. The Company’s ability to monetize this remaining equity stake over time is expected to significantly improve its leverage ratios and overall financial health.

On January 31, 2013, Mr. Cassidy retired as President and Chief Executive Officer and Theodore H. Torbeck was named as his successor. Simultaneous with his retirement, Mr. Cassidy was elected Vice Chairman of the Board to ensure an orderly and smooth transition of management.

Mr. Cassidy’s retirement concluded a 17-year career with the Company. In July 2003, he was appointed President and Chief Executive Officer following the Board’s decision to divest the Company’s nationwide broadband business and complete a significant restructuring of the Company’s debt. While the actions taken in 2003 avoided the need to seek bankruptcy protection, the Company faced a very uncertain future when Mr. Cassidy assumed leadership in 2003. Upon assuming leadership, Mr. Cassidy took immediate action to stabilize the Company’s capital structure and to focus his management team on executing a long-term stabilization plan. Within 18 months, the Company’s balance sheet and liquidity position were significantly improved.

In 2009, the Company, under Mr. Cassidy’s leadership, launched a new strategy to accelerate the growth of its data center colocation business. This new strategy came about as the Company recognized an opportunity to create shareholder value by scaling the data center business. At the time this new strategy was adopted, data center companies traded at a much higher multiple than did the Company. Thus, as the data center business grew in scale, the Company believed its new strategy would lead to one of two outcomes; either i) the value being created in the data center business would be reflected in the Company’s stock price, or ii) the Company would be in a position to monetize its investment in the form of an initial public offering or similar transaction to unlock shareholder value.

To accomplish this new strategy, the Company decided to use the positive cash flow generated by the Cincinnati-based communications businesses to significantly increase its investment in the data center business while also maintaining a steady investment in in the Company’s growing local fiber network to support future products for both residential and business customers. In June 2010, the Company significantly enhanced its data center colocation portfolio with the acquisition of Cyrus Networks LLC for $526 million.

In December 2010, to better align management with this new strategy, the Compensation Committee approved a new long-term incentive program (hereinafter referred to as the “Data Center Performance Plan"). The Data Center Performance Plan operated within the parameters of the Company’s shareholder-approved 2007 Long Term Incentive Plan and was designed to (i) encourage rapid and profitable growth of revenue and Adjusted EBITDA of the Company’s data center colocation business, (ii) create significant enterprise value through the growth of data center operations, (iii) bring about a significant change in the strategic direction of the Company’s business in a short time frame and (iv) provide management and the Board with strategic flexibility. Payouts under the Data Center Performance Plan were based on the net value created in the Company’s data center business as measured against a baseline value on December 31, 2009. In the event of a qualifying transaction, the value of the data center business on the date of the transaction would be compared to the baseline value to determine the amount of value created. A more complete description of the Data Center Performance Plan has been included in the Compensation Discussion and Analysis section of the Company’s 2011, 2012 and 2013 annual proxy statements. In 2013, more than 84% of the shares voted with respect to the Company’s say-on-pay proposal voted “for” approval of the Company’s executive compensation.

Mr. Cassidy was excluded from participation in the above-referenced Data Center Performance Plan to ensure that any recommendation he might make to the Board with respect to a potential transaction involving the data center business would be objective and not motivated by personal interest. However, the Compensation Committee and the Board reserved the discretion to reward Mr. Cassidy after any qualifying transaction was consummated based on the value realized by the Company and the health of the Company’s remaining businesses.

To recognize Mr. Cassidy for the success of the Company’s data center strategy, the Board awarded him a $2 million cash bonus on January 31, 2013 and, after further deliberation and discussion, the Board awarded him an additional $7 million cash bonus on May 3, 2013. These special bonus payments were intended to recognize Mr. Cassidy for his leadership in developing and executing the Company’s data center growth strategy, which culminated in the successful IPO of CyrusOne. As the Board deliberated these special bonus payments, it considered several factors. First and foremost, the Board considered the total value creation resulting from the data center strategy. The Board determined that the total equity value created in the data center business from December 31, 2009 to its closing value on the date of the IPO was approximately $450 million based on an independent third party appraisal. Second, the Board took into consideration the fact that Mr. Cassidy was elected Chairman of CyrusOne’s board of directors upon completion of the IPO and that his continued involvement on the board of CyrusOne as one of the Company’s representatives was highly desirable given the Company’s significant remaining investment in CyrusOne. Third, to help calibrate Mr. Cassidy’s total bonus, the Board considered the value of the bonuses paid to the Company’s other senior executives who participated in the Data Center Performance Plan. Fourth, the Board took into consideration Mr. Cassidy’s direct involvement in identifying and developing Mr. Torbeck as his successor and otherwise facilitating the Board’s CEO succession plan. Fifth, the Board considered the strong leadership and numerous contributions made by Mr. Cassidy during his 17-year career at the Company. Finally, the Board considered the post-IPO health of the Company’s remaining businesses and concluded that Mr. Cassidy left the Company well-positioned to continue generating significant shareholder value well into the future.

As the Company has continued to execute its emerging business strategy, its incentive plans have also evolved. In 2012, the Company’s long term incentive performance plan’s metric was changed from free cash flow to unlevered cash return on average assets ("UCR"). This change was made to increase the focus on how well the Company’s capital investments are generating appropriate returns. The Compensation Committee selected this metric because of the importance of ensuring that capital is efficiently deployed as the Company continues to make substantial investments in its fiber network. Also, beginning in 2014, the Company’s long-term incentive plan will be further modified to add two additional performance metrics that focus on the need to drive revenue growth attributable to new products and services (“strategic revenue”) and overall profitability (“adjusted EBITDA”) over sustained periods. These new metrics will be combined with unlevered cash return on average assets on an equally weighted basis to ensure a balanced focus on the key drivers of long-term sustainable shareholder value. In addition, the calculated payout based on these metrics will be further adjusted by a total shareholder return ("TSR") modifier at the end of the three-year performance cycle based on the Company's TSR performance compared to the Russell 2000. Finally, the Compensation Committee decided to eliminate interim payments after the first and second years that our prior long-term incentive plan provided such that the entire payout is based on the full three-year performance period, thereby increasing the focus on long-term results and creating stronger talent retention impact.

In addition to the above changes, commencing in 2014, the Compensation Committee also made several other changes to the Company’s compensation policies and practices that demonstrate the Company’s continued commitment to best practices and a pay-for-performance culture. These changes are detailed below and include (i) adoption of a prohibition on cash buyouts of underwater options in the absence of shareholder approval; (ii) implementation of double-trigger equity vesting in the event of the change in control of the Company; and (iii) substantial changes to the peer groups used to benchmark executive compensation to eliminate companies that are substantially larger than the Company.

The events of 2013 confirm that the Company’s executive compensation program has been effective in attracting and retaining key executive talent, driving attainment of annual revenue and adjusted EBITDA goals, delivering sustained cash flow performance over multiple years, and aligning executive long-term incentive rewards with the interests of shareholders. The mix of base pay (the “fixed cost” of the program) and both annual and long-term incentive plans promote achievement of current-year goals and longer-term business strategies and drive appropriate business behavior without inducing executives to take undue business risks.

Named Executive Officers

The Company's 2013 named executive officers (“NEOs”) were:

John F. Cassidy (a)	Retired President and Chief Executive Officer
Kurt A. Freyberger (b)	Former Chief Financial Officer
Theodore H. Torbeck (c)	Current Chief Executive Officer, Former President and General Manager, Cincinnati Bell Communications Group
David L. Heimbach (d)	Chief Operating Officer
Leigh R. Fox (b)	Chief Financial Officer
Christopher J. Wilson	Vice President, General Counsel and Secretary
Joshua T. Duckworth (e)	Vice President, Investor Relations and Controller

(a) Effective January 31, 2013, John F. Cassidy retired from the position of President and Chief Executive Officer and became the Vice Chairman of the Company's Board. He retired as Vice Chairman on December 31, 2013.

(b) Effective September 30, 2013, Kurt A. Freyberger resigned. Effective October 1, 2013, Leigh R. Fox was named Chief Financial Officer.

(c) Effective January 31, 2013, Theodore H. Torbeck was appointed President and Chief Executive Officer.

(d) Effective November 20, 2013, David L. Heimbach was named Chief Operating Officer.

(e) Effective July 9, 2013, Joshua T. Duckworth was named Vice President, Investor Relations and Controller.

This Compensation Discussion and Analysis (the “CD&A”) discusses in more detail below the elements of the executive compensation program and the reasons why the Compensation Committee selected those particular elements, the performance metrics and goals under certain of those elements, the compensation that the executives might earn, and how each element encourages the Company's achievement of its business objectives and strategy.

Executive Summary

Financial Results

On January 24, 2013, we completed the successful IPO of CyrusOne as discussed above in the Introduction. Cincinnati Bell continues to effectively own a 69% economic interest, which is valued at $993.2 million as of December 31, 2013. When adjusting our debt for the value we hold in CyrusOne, our adjusted debt leverage ratio is 3.1, well within the range of our peers. This is important as high leverage is directly correlated to the amount of cash interest paid on an annual basis, and it increases the restrictions placed on a company surrounding the use of cash.

In addition to the successful IPO, we took important steps in 2013 to offset the decline in revenue attributable to legacy access lines, our lower speed DSL subscriber base and lower-bandwidth data transport services provided to business customers. Specifically, we continued to execute on our multi-year plan to expand our strategic growth products, which include our Fioptics, strategic enterprise data and VoIP, and managed service offerings. During the year, we invested approximately $123 million in these strategic products and generated strategic revenue of $358.6 million, up 17% compared to the prior year. Excluding CyrusOne, total revenue for the year was $1.2 billion, down only 1% even though revenue attributable to the legacy businesses was down 9%. In addition to legacy revenue declines, our Wireless segment continues to face fierce competition from national providers that are able to offer nation-wide family talk and data plans using premium handsets on LTE networks. Our goal with the Wireless segment is to continue to manage the business for cash flow and profitability as we consider strategic alternatives.

Operating income excluding CyrusOne was $181.0 million in 2013, down from $239.7 million in the prior year, primarily as a result of the costs associated with expanding our fiber network, the loss of higher margin access lines, Wireless postpaid revenue declines, and IPO success payments. Excluding CyrusOne, adjusted EBITDA was $407.2 million in 2013, down 3% from a year ago.

The Company took measures in 2013 to reduce its future interest costs. In September, the Company amended and restated its Corporate Credit Agreement to include a $540 million Tranche B Term Loan and used the net proceeds to redeem all of the Company's $500 million of 8 1/4% Senior Notes due 2017. Refinancing the higher coupon senior notes with the more economical Tranche B Term Loan is expected to save approximately $20 million of interest payments in 2014.

See “Management's Discussion and Analysis of Financial Condition and Results of Operations” in the Company's Annual Report on Form 10-K for further details on the Company's 2013 financial results.

Executive Compensation Program

The Company's executive compensation program ties a significant portion of an executive's realized annual compensation to the Company's achievement of critically important financial goals. The key financial measures utilized to assess annual performance are revenue and Adjusted EBITDA. The key financial measures utilized to assess long-term performance are free cash flow and, beginning in 2012, unlevered cash return on assets. The table below highlights the year-over-year comparison of performance under these measures:

Performance Measure	Fiscal Year 2013	Fiscal Year 2012	% Change	2013 Adjusted Guidance
Revenue (a)	$1.24 B	$1.26 B	(1)%	$1.20 B
Adjusted EBITDA (a) (b) (c)	$407 M	$420 M	(3)%	$400 - $410M
Free Cash Flow (a) (b)	$(52) M	$8 M	n/m	—
Unlevered Cash Return on Assets (d)	16.2%	15.9%	2%	—

(a) Effective January 24, 2013, the completion date of the CyrusOne IPO, the Company owns 69% of CyrusOne as an equity-method investment, and therefore no longer consolidates the CyrusOne results of operations in the total company or segment results. As such, the pro-forma results above exclude CyrusOne for both periods presented.

(b) See Annex A for a reconciliation of adjusted EBITDA and free cash flow to the nearest GAAP based financial measures.

(c)

On November 7, 2013, the Company announced it was increasing its Adjusted EBITDA guidance from $390 million (plus or minus 2%) to between $400 million and $410 million.

(d) For the 2013 fiscal year, unlevered cash return on assets is measured on a cumulative basis. For 2012, unlevered cash return on assets is the same for the fiscal year and on a cumulative basis, as 2012 was the first year in which the Company used this metric to assess long-term performance.

The following chart summarizes the key elements of our compensation program, which are discussed in more detail later in the CD&A.

Component	Purpose	Key Characteristics	2013 Key Actions
Base Salary	• Allow Company to attract and retain executives • Recognize individual performance through merit increases • Recognize individual work experience and level of responsibility	• Fixed annual cash compensation • Increases primarily driven by individual performance and by market positioning • Used to calculate other components of compensation	• Except in connection with promotions, NEO salary levels were not increased as adjustments were made mid-2012
Annual Incentives	• Motivate achievement of Company annual financial goals and strategic objectives • Motivate achievement of individual annual performance goals	• Performance-based annual cash incentive compensation • Bonus target set as a percentage of base salary	• The revenue and adjusted EBITDA performance metrics, which affect 80% of incentive payout, were attained at 103% of target. Together with the individual performance portion, NEO total annual incentive payouts ranged from 117% to 127% of target
Non-qualified Stock Options and Stock Appreciation Rights ("SARs")	• Align executive interests with shareholder interests • Motivate achievement of Company long-term financial goals and strategic objectives • Facilitate executive equity ownership thereby further aligning executive and shareholder interests	• Performance-based long-term equity incentive compensation • Vest over three-year period based on continued service and the achievement of performance goals • Does not have value unless stock price increases following date of grant	• One-half of the 2013 long-term incentive grants to certain NEO's in 2013 were in the form of performance-based options
Performance Share and Unit Awards	• Motivate achievement of Company long-term financial goals and strategic objectives • Facilitate executive equity ownership thereby further aligning executive and shareholder interests	• Performance-based long-term equity incentive compensation • Granted annually with cumulative one-year, two-year, and three-year performance cycles	• One-half of 2013 long-term incentive grants to NEO's in 2013 were in the form of performance-based units

The Company also provides certain retirement benefits and post-termination compensation to the NEOs, as described in more detail later in this CD&A.

Compensation Practices

The Company reviews and modifies its executive compensation program and practices regularly to address changes in the Company's short- and long-term business objectives and strategies, new regulatory standards and to implement evolving best practices. Listed below are compensation practices that the Company has adopted in support of its pay-for-performance philosophy:

- Performance-based Compensation. The Company believes that a significant percentage of each NEO's total compensation should be performance-based or "at-risk." Base salary was 37.5% of the Chief Executive Officer's 2013 target compensation and 41% of the other NEOs' 2013 target compensation.

* In 2013, the Company granted Mr. Torbeck restricted shares with a grant date value of $900,000 that vest over a three-year period. This was the final installment of awards made in consideration of the compensation he forfeited when he left his previous employer to accept employment with the Company and is not included in the above chart. Consequently, Mr. Torbeck did not receive any additional long term incentive grants during 2012 or 2011. The percentages for the other NEOs reflect the fact that Messrs. Heimbach, Fox and Duckworth were not executive officers at the beginning of the year.

- Stock Ownership Guidelines. The Company believes that equity ownership creates alignment between executive and shareholder interests. In support of this objective, we maintain stock ownership guidelines under which our NEOs are expected to accumulate specified ownership stakes over time.
- Compensation Risk Assessment. The Company conducts annual compensation risk assessments to ensure that our policies and programs do not unintentionally encourage inappropriate behaviors or lead to excessive risk taking. We have concluded that our compensation plans, policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.
- Repricing Prohibition. We maintain prohibitions against the repricing of underwater stock options. Effective January 28, 2014, the Company amended its existing policy to expand the definition of a repricing to include cash buyouts of underwater stock options and stock appreciation rights. This change applies to all grants, including existing grants.
- Double-Trigger Equity Vesting. Existing employment agreements with executives incorporate a “double-trigger” requirement for vesting equity grants in the event of a change in control (“CIC”). Effective January 28, 2014, the Company amended the 2007 Long Term Incentive Plan and revised award agreements for all future grants, beginning with the 2014 equity grants, to provide that in the event of a CIC, an employee must be involuntarily terminated without cause by the Company during the 24-month period following a CIC for equity grants to vest.
- Executive Compensation Benchmarking. The Company currently uses a selective peer group of telecommunication companies and a larger peer group of general industry companies to evaluate competitive market pay for its executive officers. We target each pay component and total pay at the 50th percentile. Effective January 28, 2014, the Compensation Committee approved the Company’s recommendations to i) use the general industry peer group as the primary source of market data for competitive assessments of executive pay, ii) use the telecommunication peer group as a secondary reference for assessing market pay and industry compensation practices, and iii) modify the telecommunication peer group to eliminate the four largest companies and add two new companies with annual revenue below that of Cincinnati Bell.
- Hedging and Pledging Policy. Effective January 31, 2013, the Company updated its Insider Trading Policy to expressly prohibit ownership of derivative financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common stock and to prohibit officers and directors from pledging Company securities as collateral for loans.
- Clawback Policy. The Company has a clawback policy that allows it to recover incentive payments to or realized by executive officers in the event that the incentive compensation was based on the achievement of financial results that are subsequently restated to correct any accounting error due to material noncompliance with any financial reporting requirement under the federal securities laws, and such restatement results in a lower payment or award.

- Independent Compensation Committee. Each member of the Compensation Committee is independent as defined in the corporate governance listing standards of the NYSE and the Company's director independence standards mirror those of the NYSE.
- Independent Compensation Consultant. The Compensation Committee utilizes the services of an outside independent compensation consultant to assist in its duties. The Compensation Committee's consultant performs no other services for the Company or its management.
- Elimination of Gross-Ups. The Compensation Committee has a policy in place since April 27, 2010 that any new or materially amended employment agreement with any NEO will not contain any excise tax gross-up provisions with respect to payments contingent on a CIC. In addition, current employment agreements were amended to remove excise tax gross-up provisions.

2013 Say-on-Pay Vote

In 2013, more than 84% of the shares voted with respect to the Company's say-on-pay proposal voted "for" approval of the Company's executive compensation. Continuing a practice that started after the 2012 annual shareholders meeting, the Company meets directly with many of our major shareholders to obtain feedback on our compensation program. In addition, the Compensation Committee considered concerns expressed by the proxy advisory firms in their 2013 reports on the Company’s say-on-pay proposal and took action, as noted above, to address their concerns.

In early 2014, the Company again met with major shareholders and also solicited feedback from the proxy advisory firms. The intent of the outreach was to listen to and obtain feedback on 2014 compensation practices, the Company’s strategic direction, the impact of past compensation practices, and to listen to and address their concerns. Overall, changes made to 2014 awards made under the 2007 Long Term Incentive Plan were well received and seen as a balanced approach to aligning management with shareholder return, and the Company continues to make changes based on the recommendations received in these discussions.
The Compensation Committee will continue to consider results from the annual shareholder advisory votes when reviewing the Company's executive compensation practices. In addition, the Company management and the Board believe that it is important to continue its shareholder outreach efforts and intend to continue to engage and communicate with its major shareholders.

Compensation Program Objectives
The executive compensation program's primary objectives are:
- To attract and retain high-quality executives by offering competitive compensation packages;
- To motivate and reward executives for the attainment of financial and strategic goals, both short-term and long-term, thereby increasing the Company's value while at the same time discouraging unnecessary or excessive risk-taking; and
- To align the interests of the executives and the shareholders by attributing a significant portion of total executive compensation to the achievement of specific short-term and long-term performance goals set by the Compensation Committee.

Elements of Compensation

Base Salary
Base salaries are provided to the Company's NEOs for performing their day-to-day responsibilities. The base salaries of our NEOs are based on a review of the competitive market median for comparable executive positions, assessment by the Chief Executive Officer (or in the case of the Chief Executive Officer's base salary, by the Compensation Committee and entire Board) of the executive's performance as compared to his or her individual job responsibilities, the salary level required to attract and retain the executive and such other factors as the Chief Executive Officer or the Compensation Committee deems relevant for such executive. Generally, no one factor is given more weight than

another, nor does the Company and the Compensation Committee use a formulaic approach in setting executive pay. Additionally, while the Company looks at 50th percentile total compensation, it also considers the executive's individual performance as well in determining salary adjustments.

Because executive pay was adjusted in mid-2012, there were no adjustments in base salary for 2013 for our NEOs other than in connection with promotions during the year. Mr. Torbeck received a 3% increase upon his appointment as President and Chief Executive Officer effective January 31, 2013. Effective September 30, 2013, Mr. Freyberger resigned and, effective October 1, 2013, Mr. Fox was named Chief Financial Officer and was given a 27% increase in base salary. Effective November 20, 2013, Mr. Heimbach was named Chief Operating Officer but did not receive an increase in base salary. Mr. Duckworth was given 33% increase in base salary effective with his promotion to Vice President, Investor Relations and Controller, effective July 9, 2013.

Annual Incentives

Annual incentives are intended to motivate and reward senior executives for achieving the short-term business objectives of the Company. Annual incentives are payable for the achievement of annual financial performance goals established by the Compensation Committee and for individual performance. For the NEOs, financial performance goals represent 80% of the annual incentive determination and individual performance evaluation represents 20%. Payouts, if any, can range from 0% to 150% of the total target incentive, depending on the level of achievement of financial goals between threshold and superior levels of performance and evaluations of individual performance and contributions for the year. The Board and Compensation Committee approve financial goals annually which reflect their belief that achievement of these goals drives the Company's strategic success.

The Company used the following goals having the indicated weights in 2013:

- 60% on Adjusted EBITDA;
- 20% on revenue; and
- 20% on individual performance.

The Company has selected Adjusted EBITDA and revenue as its performance measures. Investors have identified these metrics as key indicators of current financial performance and the Company's ability to execute on its strategy of creating a fiber-based entertainment, communications and IT solutions company with growing revenue, growing profits and significant cash flows. Adjusted EBITDA is given a significantly higher weighting than revenue and individual performance because it is a key measure of profitability of the Company that eliminates the effects of accounting and financing decisions. In addition, investors view it as an effective barometer of how well a company can service its debt.

The Board and Compensation Committee review and approve the annual bonus attainment percentages for both adjusted EBITDA and revenue. In conjunction with such review, they may adjust the actual result or goal amount to reflect a change in business direction, reallocation of Company resources or an unanticipated event.

The Adjusted EBITDA and revenue goals are assessed independently of each other and are scaled above and below their respective targets. In 2013, significant changes were made to the scale used for exceeding annual targets. Prior to this period, incentive awards could be earned up to a maximum amount of 200% of the bonus pool for achieving at least 120% of the desired financial goal. This was adjusted for 2013 as follows:

	Adjusted EBITDA Goal		Revenue Goal	
Percentage of Criterion Achieved	Percentage of Target Incentive Goal	Percentage of Total Annual Incentive Paid	Percentage of Target Incentive Goal	Percentage of Total Annual Incentive Paid
Below 95%	0%	0%	0%	0%
95%	50%	30%	50%	10%
100%	100%	60%	100%	20%
110%	125%	75%	125%	25%
120% or greater	150%	90%	150%	30%

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The 2013 target annual incentives for each of the NEOs at year-end are set forth below:

Named Executive Officer	Target Annual Incentive as a % of Base Salary
Theodore H. Torbeck	100%
David L. Heimbach (a)	100%
Leigh R. Fox (a)	100%
Christopher J. Wilson	65%
Joshua T. Duckworth (a)	50%

(a) Messrs. Heimbach, Fox and Duckworth were all promoted to their current positions during 2013. The Company has a well-established practice of pro-rating bonuses when an individual is promoted and there is an increase in the executive’s base salary and/or target bonus. The percents shown in the above table represent the new annual bonus targets. However, for 2013, the actual bonuses for each of these three executives were based on a blend of each of their salaries and bonus targets prior to their promotion and their salaries and target bonuses following their promotion.

In 2013, for annual incentive purposes, the chart below sets out the adjusted EBITDA and revenue target goals and actual results, which produced a weighted-average payout for the financial portion of 108.3% of target:

Financial Objective	2013 Threshold Performance Level	2013 Target	2013 Superior Performance Level	2013 Actual Results
Adjusted EBITDA	95%	$390M	120%	$402M*
Revenue	95%	$1.19 B	120%	$1.24B

*Excludes a $5.6M favorable gain in EBITDA resulting from the decline in stock price during 2013.

The Chief Executive Officer provides the Compensation Committee with his assessment of each executive officer's individual performance. The Chief Executive Officer reviews, for each executive officer, the performance of the executive's department, the quality of the executive's advice and counsel on matters within the executive's purview, qualitative peer feedback and the effectiveness of the executive's communication with the organization and with the Chief Executive Officer on matters of topical concern. These factors are evaluated subjectively and are not assigned specific individual weight. The Chief Executive Officer then recommends an award for the individual performance-based portion for each of the other NEO's annual incentive, which can range from 0% to 200% of the target award for such portion.

The Compensation Committee meets in executive session to consider the Chief Executive Officer's individual performance. The Compensation Committee evaluates the information obtained from the other directors concerning the Chief Executive Officer's individual performance, based on a discussion led by the Chairman of the Board. Factors considered include: operational and financial performance, succession planning, development of the Company leadership team, development of business opportunities and community involvement/relationships. The Compensation Committee has discretion in evaluating the Chief Executive Officer's performance and may recommend to the full Board a discretionary increase or decrease to the Chief Executive Officer's final incentive award as the Compensation Committee believes is warranted.

The table below shows the percentage of target annual incentive earned by each NEO for 2013 for each performance measure and in total:

Named Executive Officer	Total Company Revenue		Total Company Adjusted EBITDA		Individual Performance		Total Annual Incentive Award
Theodore H. Torbeck	104	%	103	%	200	%	$949,950
David L. Heimbach	104	%	103	%	200	%	$404,484
Leigh R. Fox	104	%	103	%	200	%	$306,623
Christopher J. Wilson	104	%	103	%	150	%	$268,131
Joshua T. Duckworth	104	%	103	%	200	%	$86,023

Long-term Incentives

The long-term incentives granted to NEOs in 2013 consist of stock options or SARs and performance shares or units, equally weighted in terms of grant-date fair value. Long-term incentives are intended to encourage the Company's executives to focus on and achieve the long-term (three-year) business goals of the Company and to aid their development and retention through share ownership and recognition of future performance. An executive's realization of his or her long-term incentive means that the Company has also performed in accordance with its plan over a long-term period. The total annual long-term incentive opportunity for each NEO is established by the Compensation Committee in terms of dollars. In administering the long-term incentive program, the Compensation Committee considers competitive market data (as discussed below) and the recommendations of the Chief Executive Officer regarding each executive's performance and specific individual accomplishments. For each type of award, the number of options/SARs and performance shares/units to grant is determined by dividing the approved award amount by the binomial value of one option/SAR for the half of the award being made in options or SARs and the price of a share of common stock for the other half being awarded in performance shares/units. The Compensation Committee's policy is not to grant more than 2,000,000 shares per year in connection with long-term incentive awards under the 2007 Long Term Incentive Plan.

Stock Options/SARs

Stock options/SARs granted to NEOs for 2013 are subject to the same performance vesting conditions as performance share unit awards. Stock options/SARs directly align the executive's interest with the shareholders' interest because any actual realized value derived from stock options/SARs requires achievement of a specific financial metric to vest and appreciation in the Company’s stock price to have value.

Performance Plan

Performance share or unit awards, which may be paid in common shares, cash, or a combination thereof, are based on the achievement of specific Company quantitative goals over a three-year performance period. Such awards are granted during the first quarter of each calendar year following finalization and approval by the full Board of the one-year, two-year cumulative and three-year cumulative financial goal(s) for the next three-year performance period. Beginning with 2014 awards, the vesting period is being changed to vest at the end of the third year, with no interim vesting.

The threshold, target and superior performance levels are the same for each of the NEOs. For each performance cycle, actual adjusted free cash flow and, commencing in 2012, actual unlevered cash return on assets achieved must be at least 90% of the target goal in order to generate a threshold level payout equal to 75% of the target award for each executive. Adjusted free cash flow and unlevered cash return one-year, two-year cumulative, and three-year cumulative financial target goals and actual results for the performance periods beginning in 2011, 2012 and 2013 are shown in the table below.

Performance Cycle	Threshold Performance Level	Cumulative Target	Superior Performance Level	Actual Results *	Percentage of Target (a)
(dollars in millions)					
2011-2013					
2011	90%	$7.0	110%	$36.9	527.1%
2012	90%	$32.0	110%	$50.6	158.2%
2013	90%	$66.0	110%	$103.4	156.6%
2012-2014					
2012	14.5%	16.0%	17.5%	16.0%	100.0%
2013	14.5%	16.0%	17.5%	16.2%	106.7%
2013-2015					
2013	15.5%	17.0%	18.5%	16.7%	95.0%

(a) The maximum payout on a performance cycle is 150%
* Actual free cash flow was adjusted for special items not contemplated when the cumulative three-year target was approved by the Compensation Committee. Similarly, unlevered cash flows were adjusted for special items not contemplated when the cumulative three-year target was approved by the Compensation Committee.

Data Center Performance Plan

The Data Center Performance Plan was designed to drive accelerated growth in the data center business segment. Payments to participants were conditioned on the achievement of cumulative adjusted EBITDA targets over a three-year performance period and a qualifying transaction, unless a qualifying transaction occurred in the first five years, in which case the Adjusted EBITDA targets would not apply. On January 24, 2013, just over two years after the commencement of the three-year performance period, a successful IPO of CyrusOne was completed, which was a qualifying transaction under the terms of the Data Center Performance Plan.

There were a total of 57 participants across the Company and CyrusOne. The Compensation Committee approved the following grants upon commencement of the three-year performance period and the resulting awards to the named executive officers, following the completion of the CyrusOne IPO, as shown in the following table.

	Target Grant	Actual Award
Mr. Torbeck	$5.0 M	$2.2 M
Mr. Heimbach	$600 K	$268 K
Mr. Fox	$1.6 M	$714 K
Mr. Wilson	$3.5 M	$1.6 M
Mr. Duckworth	$240 K	$107 K

*Note that Messrs. Fox, Heimbach and Duckworth were not NEOs at the time grants were made.

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The equity value of CyrusOne at the Transaction Date was $1.4 billion based on the share price of CyrusOne on the transaction date. The Company engaged third-party appraisers to determine the equity value, and they confirmed that valuation. The beginning equity value as of December 31, 2009, was based on forecasted cash flows discounted to present value, based on comparisons to the value of other market participants and competitors, and other appraisal valuation techniques performed by the third-party appraiser. As determined by the third party appraiser, the beginning equity value of the data center business was $200 million at December 31, 2009. This beginning equity value was increased by $750 million in accordance with the provisions of the Data Center Performance Plan (thereby reducing the ultimate incentive payment to participants) for net equity contributions made by the Company to the data center business from January 1, 2010 to the Transaction Date. The ending equity value of $1.4 billion minus the December 31, 2009 beginning equity value of $950 million resulted in data center business equity growth of $450 million, which equaled 44.6% of the $1 billion target for equity growth and corresponding award payments equal to 44.6% of the participant's target grant.

Benefits

NEOs hired prior to January 1, 2009 participate in the same pension plan as all other eligible salaried and certain non-union hourly employees. The pension plan is a qualified defined benefit plan with a nonqualified provision that applies to the extent that eligible earnings or benefits exceed the applicable Internal Revenue Code limits for qualified plans. The Company makes all required contributions to this plan. However, as described on pages 52-54, the pension plan is now frozen and no further credits, other than interest, are made to the plan. The executives, along with all other salaried employees, also participate in a 401(k) savings plan, which includes a Company matching contribution feature that vests 100% of such matching contributions in the employee's account as they are made to the plan.

The value of the Company's retirement program is not considered in any of the compensation decisions made with respect to other elements of NEO compensation, because the Company believes that the alignment of the interests of executives and shareholders is most effectively accomplished through its short- and long-term incentive compensation programs.

Each executive participates in a broad set of other benefit plans and programs, including medical, dental, vision, life insurance, short- and long-term disability plans and home telephone service price discount programs, on the same basis as all other salaried employees. The Company believes that the various benefit plans and programs provided are consistent with predominant U.S. employment practices and are necessary to attract and retain executive talent. The Company terminated its executive perquisite program in early 2011, thus eliminating any plans or programs specific to executives of the Company.

Compensation Determination Process

Role of the Compensation Committee and Management in Recommending Compensation

As described in greater detail below, individual base salaries, annual cash incentive awards and long-term incentive grant amounts are determined within the framework of the executive's position and responsibility, individual performance and future leadership potential, as determined by the Chief Executive Officer in consultation with the Compensation Committee, or by the Compensation Committee and the full Board in the case of the Chief Executive Officer, as well as with regard to the external marketplace.

The Chief Executive Officer presents compensation recommendations for the senior executives, including the other NEOs, to the Compensation Committee for its review and approval. The Compensation Committee evaluates the performance of the Chief Executive Officer, determines his compensation, and discusses its recommendation with the Board in executive session before the Board's approval.

Determination of the Target Compensation Levels

In determining pay levels, the Company established a philosophy to target each component - base salary, target bonus and target long-term incentive - at the market 50th percentile appropriate to the revenue size of the Company. The Compensation Committee believes that pay practices for executive officers should include a mixture of pay elements that are reflective of the two peer groups discussed below. Executive compensation correlates with a company's annual revenue (i.e., the higher a company's revenue, generally the higher the executive's market compensation). To take this effect into consideration, the Company, in consultation with Towers Watson, uses a statistical technique called "regression analysis." Linear regression analysis is a statistical tool for determining the relationship between a dependent variable (in this case target compensation levels) and an independent variable (in this case revenue). This technique correlates median predicted pay for companies by taking into consideration their revenues (i.e., smaller revenue companies would have pay predicted based on their revenues rather than by a simple median of pay for all companies in the peer group). Then, for each executive officer position whose compensation is assessed and set by the Compensation Committee (or the full Board, in the case of the Chief Executive Officer), Towers Watson produces a predicted level for each pay component at the 50th percentile of companies based on Cincinnati Bell's revenue. This allows the Committee to compare each executive's pay, both by pay component and in total, to the market 50th percentile of similar revenue-sized companies. The Company does not review pay levels at individual companies or the specific structure of other companies' short- or long-term incentive plans. Instead, the Compensation Committee considers the predicted pay levels in both peer groups as an indication of market pay practice relating to each pay component and the relative mixture among the pay components.

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 20 telecommunications companies. The Company, in consultation with Towers Watson and Mr. Mazza (See "Role of Compensation Consultants" discussion on pages 41-42), 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 peer group currently includes:

- AT&T Inc.
- Centurylink, Inc.
- Clearwire Corp.
- Comcast Corp.
- EarthLink Inc.
- Fairpoint Communications, Inc.
- Frontier Communications Corp.
- IDT Corp.
- Leap Wireless International Inc.
- Level 3 Communications Inc.
- MetroPCS Communications Inc.
- Sprint Nextel Corp.
- Telephone & Data Systems Inc.
- Time Warner Inc.
- TW Telecom Inc.
- United States Cellular Corp.
- USA Mobility, Inc.
- Verizon Communications Inc.
- Vonage Holdings Corp.
- Windstream Corp.

As discussed in the Introduction, the telecommunications peer group used for the executive compensation study to be conducted in 2014 for setting 2015 target compensation will be revised to eliminate the four largest telecommunications companies - AT&T, Verizon, Comcast and Sprint - and add two new companies - Atlantic Tele-Network and General Communications, Inc. Both of the new companies have lower revenue than the Company's revenue.

The second peer group consists of 120 companies across various industries with annual revenue between $1 billion and $3 billion. These companies are chosen because they have annual revenue that is closely aligned with the Company's revenue size, and they provide the Company and the Compensation Committee with insight into general industry executive compensation practices.

- A.O. Smith
- AarhusKarlshamn
- Acxiom
- AMC Entertainment
- American Crystal Sugar
- American Water Works
- Americas Styrenics
- AMETEK
- Amtrak
- Armstrong World Industries
- Auto Club Group
- Barnes Group
- Beam
- Bob Evans Farm
- Brady
- Carmeuse North America Group
- Carpenter Technology
- Catalent Pharma Solutions
- CEC Educational Services, LLC
- Century Aluminum
- Cloud Peak Energy
- Coinstar
- Columbia Sportswear
- ConvaTec
- Convergys
- Covance
- Crown Castle
- Curtiss-Wright
- Deckers Outdoor
- Deluxe
- Dentsply
- Dex One
- Dollar Thrifty Automotive Group
- Donaldson
- Education Management
- Endo Health Solutions
- Energy Solutions
- EnPro Industries
- Equifax
- Equity Office Properties
- Esterline Technologies
- Exterran
- Federal Reserve Bank of St. Louis
- GATX
- General Atomics
- Green Mountain
- H.B. Fuller
- Harland Clarke
- Herman Miller
- Hexcel
- HNI
- Hostess Brands
- Houghton Mifflin Harcourt Publishing
- Hovnanian Enterprises
- IDEXX Laboratories
- Intercontinental Hotels
- International Flavors & Fragrances
- International Game Technology
- Irvine
- Itron
- ITT - Corporate
- Jack in the Box
- Kaman Industrial Technologies
- Kansas City Southern
- KB Home
- Kennametal
- Leprino Foods
- Lincoln Electric
- Magellan Midstream Partners
- Makino
- Martin Marietta Materials
- Mary Kay
- Meredith
- Mohegan Sun Casino
- Molnlycke Health Care
- MoneyGram International
- NBTY
- New York University
- Novus International
- Nu Skin Enterprises
- Nypro
- OMNOVA Solutions
- One America Financial Partners
- Pall Corporation
- Parsons Corporation
- Phoenix Companies
- Plexus
- Polaris Industries
- Polymer Group
- PolyOne
- Rayonier
- Revlon
- SAS Institute
- Savannah River Nuclear Solutions
- Schwan's
- Scotts Miracle-Gro
- ShawCor
- Sigma-Aldrich
- Snap-On
- Space Systems Loral
- Stepan Company
- Sundt Construction
- Swagelok
- TeleTech Holdings
- Teradata
- Toro
- Tower International
- Trepp
- Trident Seafoods
- Tronox
- Tupperware Brands
- Underwriters Laboratories
- United Rentals
- Univ. of Maryland Medical Center
- Valmont Industries
- Vertex Pharmaceuticals
- Visiting Nurse Service of NY
- Vulcan Materials
- Warner Chilcott
- Wendy's Group

In establishing its compensation programs, the Company evaluates the following from both peer groups' data:

- Base salary;
- Total target cash compensation - the sum of base salary plus target annual bonus opportunity; and
- Total target direct compensation - the sum of base salary plus target annual bonus opportunity plus target long-term incentive opportunity.

The Compensation Committee considers, as one of many factors, each component of executive officer compensation compared to the revenue size-adjusted market 50th percentile for two reasons:

- Benchmarking target compensation at the 50th percentile is consistent with the practice followed by a majority of companies and is considered "best practice," and
- Above-median compensation should be on a delivered actual basis, rather than a target basis, for overachievement of target performance goals consistent with the Company's "pay-for-performance" philosophy.

Other factors considered by the Company and the Compensation Committee in determining executive compensation levels are past and current target pay levels, internal equity considerations and individual performance.

The Compensation Committee also wants to ensure that each executive has a significant percentage of compensation "at risk." Using the benchmark data and input from its own independent consultant as well as from Company management (primarily the Chief Executive Officer and the Chief Financial Officer), the Compensation Committee allocates total target direct compensation among base salary, annual bonus and long-term incentive compensation. For 2013, the charts below reflect this allocation:

* In 2013, the Company granted Mr. Torbeck restricted shares with a grant date value of $900,000 that vest over a three-year period. This was the final installment of awards made in consideration of the compensation he forfeited when he left his previous employer to accept employment with the Company and is not included in the above chart. Consequently, Mr. Torbeck did not receive any additional long term incentive grants during 2012 or 2011. The percentages for the other NEOs reflect the fact that Messrs. Heimbach, Fox and Duckworth were not executive officers at the beginning of the year.

Based on market practices, combined with the Compensation Committee members' collective experience, the Compensation Committee believes that this allocation of pay among base salary and short- and long-term incentive compensation provides appropriate motivation to achieve objectives set for the current year while also providing a significant incentive that requires the executives to make decisions that are intended to sustain attainment of business objectives over the longer term.

As part of the process for setting compensation, the Compensation Committee reviews "tally sheets" prepared for each of the executives. Tally sheets provide the Compensation Committee with detailed information, as of a given date, about each executive's current compensation (including the value of any applicable benefit programs) and wealth accumulation, including the value of accrued and vested pay, such as shares of Company stock, vested stock options and other equity awards owned by the executive and the value of any vested retirement benefits provided by the Company, as well as pay and benefits triggered under a variety of employment termination scenarios. This provides additional context for the Compensation Committee in setting pay levels.

Role of Compensation Consultants

Both of the Compensation Committee and the Company have engaged a consultant to advise on compensation-related matters. Neither the Compensation Committee nor the Company has identified any conflicts of interest with respect to their respective compensation consultant that would impair the advice provided by such compensation consultant.

The Compensation Committee retains Mr. Charles Mazza, an independent compensation consultant, who performs no other services for the Company or its management, to assist 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 the Compensation Committee meetings, Mr. Mazza addresses subjects of particular interest to the Compensation Committee, such as compensation of the Chief Executive Officer, and presents his analysis of such subjects including 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. In addition, the Committee also retained the services of Frederic W. Cook & Co. to assist with the development of the 2014 shareholder outreach program and 2014 proxy statement and to provide an additional independent review of the proposed new long-term incentive plan that commenced in 2014.

The Company retains Towers Watson to assist 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.

Other Compensation Policies

Stock Ownership Guidelines

The Compensation Committee recognizes that executive stock ownership is an important means of aligning the interests of the Company's executives with those of its shareholders. To that end, the Compensation Committee has established the following stock ownership guidelines:

- Chief Executive Officer - 3 times base salary (as adjusted each year)
- Other NEOs - 1.5 times base salary (as adjusted each year)

Since the personal situation of each executive may vary, the Compensation Committee has not set a specific period of time in which the ownership level must be achieved, but does expect each executive to make measurable progress on a year-over-year basis as evidenced by the number of shares owned multiplied by the fair market value of the Company's stock. Aside from the Company's actual performance from one year to the next, the price of the Company's stock may vary due to the general condition of the economy and the stock market. Therefore, the Compensation Committee may measure an executive's progress more on the basis of the year-over-year increase in the number of shares owned than the overall market value of the shares owned in relation to the executive's ownership goal. For purposes of measuring ownership, only shares owned outright or beneficially by the executive (including shares owned by the executive's spouse or dependent children and shares owned through the Company's savings plan or deferred compensation plan) are included. Shares represented by unvested stock options or any other form of equity for which a performance or vesting condition remains to be completed before the executive earns a right to and receives the shares (except for shares that have been electively deferred to a future date) are not counted in determining the executive's level of ownership.

As of March 7, 2014, Mr. Torbeck, who became President and Chief Executive Officer effective January 31, 2013, owned shares valued at approximately 177% of his ownership target; Mr. Heimbach, who became Chief Operating Officer on November 20, 2013, has achieved approximately 63% of his ownership goal; Mr. Fox, who became Chief Financial Officer on October 1, 2013 has achieved approximately 19% of his ownership goal; Mr. Wilson, Vice President, General Counsel and Secretary, has achieved approximately 144% of his ownership goal; and Mr. Duckworth, who became Vice President, Investor Relations and Controller on July 9, 2013 has achieved approximately 5% of his ownership goal.

Prohibition on Hedging and Pledging

Effective January 31, 2013, the Company updated its Insider Trading Policy to expressly prohibit ownership of derivative financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common stock and to prohibit officers and directors from pledging Company securities as collateral for loans.

Employment Agreements, Severance and Change in Control Payments and Benefits

The Company generally enters into employment agreements with the named executive officers for several reasons. Employment agreements give the Company flexibility to make changes in key executive positions with or without a showing of cause, if terminating the executive is determined by the Company or the Board to be in the best interests of the Company. The agreements also minimize the potential for litigation by establishing separation terms in advance and requiring that any dispute be resolved through an arbitration process. The severance, change in control payments and benefits provided under the employment agreements as described in more detail beginning on page 55 are important to ensure the retention of the NEOs.

Depending on the circumstances of their termination, the NEOs are eligible to receive severance benefits in the form of a multiple of annual base salary as a lump sum payment, continued access to certain Company-provided benefits for a defined period post-employment, healthcare benefits and accelerated vesting of all equity as determined by the provisions in their employment agreements, which are discussed in detail starting on page 55. Under a dismissal without cause or constructive discharge following a change of control, the Company provides the severance benefits because it serves the best interest of the Company and its shareholders to have executives focus on the business merits of possible change in control situations without undue concern for their personal financial outcome. In the case of a without cause termination or constructive discharge absent a change in control, the Company believes it is appropriate to provide severance at these levels to ensure the financial security of these executives, particularly in view of the non-compete provisions which state that, for 12 months following termination, the executive will not compete with the Company or solicit customers or employees of the Company. Because these potential payments are triggered under very specific circumstances, such payments are not considered in setting pay for other elements of executive compensation. The Compensation Committee has a policy that the Company will not enter into any new or materially amended employment agreements with NEOs providing for excise tax gross-up provisions with respect to payments contingent upon a change in control, and no NEO has an excise tax gross-up.

Adjustments and Recovery of Award Payments and Clawback Policy

The Company is subject to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002. Therefore, if the Company were required to restate its financial results due to any material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, the Securities and Exchange Commission could act to recover from the Chief Executive Officer and Chief Financial Officer any bonus or other incentive-based or equity-based compensation received during the 12-month period following the date the applicable financial statements were issued and any profits from any sale of securities of the Company during that 12-month period.

In addition, the Board has adopted an interim executive compensation recoupment/clawback policy that reflects the preliminary requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), with the intention that the policy will be modified when final regulations required by the Dodd-Frank Act are adopted by the SEC. The policy was effective as of January 1, 2011, for any current executive officer or former executive officer that terminates employment after January 1, 2011 and applies to cash and equity-based compensation that is approved, granted or awarded on or after January 1, 2011. The policy allows the Company to recover incentive payments to, or realized by, certain executive officers in the event that the incentive compensation was based on the achievement of financial results that were subsequently restated to correct any accounting error due to material noncompliance with any financial reporting requirement under federal securities laws and such restatement results in a lower payment or award.

Compensation Limitation

Section 162(m) of the Code generally limits to $1,000,000 the available deduction to the Company for compensation paid to any of the Company's NEOs, excluding the Chief Financial Officer, except for performance-based compensation that meets certain requirements. Although the Compensation Committee considers the anticipated tax treatment to the Company of its compensation payments, the Compensation Committee has determined that it will not necessarily seek to limit executive compensation to amounts deductible under Section 162(m) of the Code.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation of any person who served as the principal executive officer (John F. Cassidy and Theodore H. Torbeck) or principal financial officer (Kurt A. Freyberger and Leigh R. Fox) during the year ended December 31, 2013, and the three most highly compensated persons who served as executive officers (Christopher J. Wilson, David L. Heimbach and Joshua T. Duckworth) during the year ended December 31, 2013 (collectively, the "NEOs").

Summary Compensation Table — Fiscal 2013

Name, Principal Position	Year	Salary ($)	Bonus ($) (a)	Stock Awards ($) (b)	Option Awards ($) (c)	Non-Equity Incentive Plan Compensation ($) (d)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (e)	All Other Compensation ($) (f)	Total ($)
John F. Cassidy (g)	2013	184,615	9,000,000	—	—	682,402	(342,998)	9,200	9,533,219
Former President	2012	708,769	—	1,015,000	1,015,000	2,877,200	1,121,703	9,000	6,746,672
and Chief Executive Officer	2011	681,250	—	—	1,015,000	2,507,759	1,851,404	8,800	6,064,213
Kurt A. Freyberger (h)	2013	302,955	—	250,000	250,000	1,593,534	(39,217)	940,000	3,297,272
Former Chief	2012	347,885	—	250,000	250,000	441,238	40,111	9,800	1,339,034
Financial Officer	2011	293,460	—	77,500	—	324,190	33,800	9,800	738,750
Theodore H. Torbeck (i)	2013	746,954	—	1,150,000	250,000	3,181,790	—	10,000	5,338,744
Current President	2012	726,000	—	1,800,000	—	970,045	—	9,800	3,505,845
and Chief Executive Officer, Former President and General Manager, Cincinnati Bell Communications Group	2011	724,850	—	1,800,000	—	1,025,838	—	863	3,551,551
David L. Heimbach (j)	2013	342,665	—	300,000	—	730,006	(16,884)	7,644	1,363,431
Chief Operating Officer									
Leigh R. Fox (k)	2013	303,846	—	286,500	—	1,056,876	(22,420)	3,566	1,628,368
Chief Financial Officer									
Christopher J. Wilson	2013	353,600	—	200,000	200,000	1,848,275	(68,863)	10,000	2,543,012
Vice President,	2012	345,662	—	200,000	200,000	284,111	103,242	9,800	1,142,815
General Counsel and Secretary	2011	339,685	—	200,002	—	301,223	89,877	8,298	939,085
Joshua T. Duckworth (l)	2013	169,231	—	50,000	—	193,151	—	8,530	420,912

Vice President,
Investor Relations
and Controller

(a) See the Introduction Section of the Compensation Discussion and Analysis on page 27 for a discussion of the 2013 bonus payments made to Mr. Cassidy.

(b) The 2013 amounts, excluding Mr. Torbeck's grant, reflect the grant-date fair value of the performance share-based awards issued in 2013 to Messrs. Freyberger, Fox, Wilson, Heimbach and Duckworth for the 2013-2015 performance cycle. Mr. Torbeck's amount is the combination of a restricted stock grant and the grant-date fair value of performance share-based awards issued in 2013. The 2012 amounts, excluding Mr. Torbeck's amount, reflect the grant-date fair value of the performance share-based awards issued in 2012 to Messrs. Cassidy, Freyberger and Wilson for the 2012-2014 performance cycle. The 2011 amounts, excluding Mr. Torbeck's amount, reflect the grant-date fair value of the performance share-based awards issued in 2011 to Messrs. Freyberger and Wilson for the 2011-2013 performance cycle. All amounts assume payout at target. For further discussion of these awards, see Note 14 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013. The table below shows the amounts if the maximum payout is earned based on the stock price at date of grant.

	Stock Awards ($)		
Name	2013	2012	2011
John F. Cassidy	—	1,522,500	—
Kurt A. Freyberger	375,000	375,000	116,250
Theodore H. Torbeck (1)	1,275,000	1,800,000	1,800,000
David L. Heimbach	450,000	—	—
Leigh R. Fox	429,750	—	—
Christopher J. Wilson	300,000	300,000	300,002
Joshua T. Duckworth	75,000	—	—

(1) The 2013 amount for Mr. Torbeck’s grant reflects the grant-date fair value of the performance share-based awards issued in 2013 for the 2013-2015 performance cycle and a restricted common share grant. The 2012 and 2011 amounts for Mr. Torbeck represent a restricted common share grant. The 2013, 2012 and 2011 restricted common share grants were all made in accordance with Mr. Torbeck's employment agreement and each restricted common share grant vests one-third per year at the end of each one-year period.

(c) The 2013 amounts shown reflect the aggregate grant date fair value of performance-based options granted to Messrs. Freyberger, Torbeck, and Wilson. The 2012 amounts shown reflect the aggregate grant date fair value of performance-based options granted to Mr. Cassidy and performance-based stock appreciation rights granted to Messrs. Freyberger and Wilson in 2012. The 2011 amount reflects the grant date fair value of cash-settled stock appreciation rights granted to Mr. Cassidy in January 2011. For all awards, the grant date fair value was computed in accordance with Accounting Standards Codification ("ASC") 718. For further discussion of the assumptions utilized to value these awards, see Note 14 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013. The amounts shown in the Summary Compensation Table above reflect payout at target. The table below shows these amounts if the maximum payout is earned:

	Stock Options/Stock Appreciation Rights ($)		
Name	2013	2012	2011
John F. Cassidy	—	1,522,500	1,522,500
Kurt A. Freyberger	375,000	375,000	—
Theodore H. Torbeck	375,000	—	—
Christopher J. Wilson	300,000	300,000	—

(d) Non-equity incentive plan compensation represents amounts earned for annual performance-based cash incentives, long-term performance plan cash-settled awards and Data Center Performance Plan awards. The table below shows the amounts earned for each of these awards:

Name	Year	Annual Performance-Based Cash Incentive ($)	Long-Term Cash-Settled Performance Units ($) (1)	Data Center Performance Plan Cash Incentive ($)(2)	Total ($)
John F. Cassidy	2013	—	682,402	—	682,402
	2012	1,354,722	1,522,478	—	2,877,200
	2011	1,242,718	1,265,041	—	2,507,759
Kurt A. Freyberger	2013	—	—	1,593,534	1,593,534
	2012	441,238	—	—	441,238
	2011	324,190	—	—	324,190
Theodore H. Torbeck	2013	949,950	—	2,231,840	3,181,790
	2012	970,045	—	—	970,045
	2011	1,025,838	—	—	1,025,838
David L. Heimbach	2013	404,483	57,702	267,821	730,006
Leigh R. Fox	2013	306,623	36,064	714,189	1,056,876
Christopher J. Wilson	2013	268,132	—	1,580,143	1,848,275
	2012	284,111	—	—	284,111
	2011	301,223	—	—	301,223

Joshua T. Duckworth	2013	86,023	—	107,128	193,151

(1) The amounts shown above for long-term cash-settled performance units earned by Mr. Cassidy represent: (1) the amount earned in 2013 and paid in 2014 for the 2013 performance period related to cash-payment performance awards granted in January 2011 for the 2011-2013 performance cycle (2) the amount earned in 2012 and paid in 2013 for the 2012 performance period related to cash-payment performance awards granted in January 2010 for the 2010-2012 performance cycle and January 2011 for the 2011-2012 performance cycle, (3) the amount earned in 2011 and paid in 2012 for the 2011 performance period related to cash-payment performance awards granted in January 2009 for the 2009-2011 performance cycle, January 2010 for the 2010-2011 performance cycle, and January 2011 for the 2011 performance cycle. The amounts shown above for long-term cash-settled performance units earned by Messrs. Fox and Heimbach represent: (1) the amount earned in 2013 and paid in 2014 for the 2013 performance period related to cash-payment performance awards granted in January 2012 for the 2012-2013 performance cycle.

(2) The amounts shown above represent the amounts paid in 2013 for the long-term Data Center Performance Plan. Refer to pages 37-38 for additional details on the plan.

(e) The amounts shown in this column for Messrs. Cassidy, Freyberger, Fox, Heimbach and Wilson represent the one-year increase in the value of their qualified defined benefit plan and nonqualified excess plan for 2013, 2012 and 2011, respectively, projected forward to age 65 for each executive with interest credited at 3.5%, which is the rate a terminated participant would then be given (such interest rate was increased to 4.0% effective as of March 1, 2012) and then discounted back to the respective year at the discount rate (4.2% for 2013, 3.3% for 2012 and 3.90% for 2011) required under ASC 960. The present value of the accrued pension benefits decreased in 2013 primarily due to an increase in the applicable discount rate and improved market performance of pension assets. The Company froze its qualified pension plan for management employees in 2009; therefore, Mr. Torbeck and Mr. Duckworth are not entitled to any benefits under this plan. None of the executives receive any preferential treatment or above-market interest under the Company's retirement plans.

(f) For each NEO except Mr. Freyberger, the amount represents the Company's 401(k) match. Under the terms of the Cincinnati Bell Inc. Retirement Savings Plan, the Company's matching contribution is equal to 100% on the first 3% and 50% on the next 2% of contributions made to the plan by the participant. Eligible compensation includes base wages plus any incentive paid to eligible participants. The maximum company matching contribution is \$10,000. For Mr. Freyberger, this amount represents the Company's 401k match and \$930,000 due to him for a consulting agreement entered into upon his resignation, effective September 30, 2013.

(g) Mr. Cassidy retired from his position as President and Chief Executive Officer effective January 31, 2013 and assumed the role of Vice Chairman of the Board. Mr. Cassidy retired from the Board effective December 31, 2013.

(h) Mr. Freyberger resigned as Chief Financial Officer on September 30, 2013.

(i) Mr. Torbeck was appointed Chief Executive Officer on January 31, 2013.

(j) Mr. Heimbach was appointed Chief Operating Officer on November 20, 2013.

(k) Mr. Fox was appointed Chief Financial Officer on October 1, 2013.

(l) Mr. Duckworth was appointed Vice President, Investor Relations and Controller on July 9, 2013.

Grants of Plan-Based Awards

The following table sets forth information concerning equity grants to the NEOs during the year ended December 31, 2013 as well as estimated future payouts under cash incentive plans:

Grants of Plan-Based Awards in 2013 Fiscal Year

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (a)			All Other Stock Awards: Number of Shares of Stock or Units (#) (b)	All Other Option Awards: Number of Securities Underlying Options (#) (c)	Exercise or Base Price of Option Awards ($/Sh)	Closing Price of Company Shares on Grant Date ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($) (d)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)					
John F. Cassidy (e)												
Performance-based shares		—	—	—	—	—	—	—	—	—	—	—
Performance-based options		—	—	—	—	—	—	—	—	—	—	—
Annual cash incentive		—	—	—	—	—	—	—	—	—	—	—
Kurt A. Freyberger (f)												
Performance-based shares	1/31/2013	—	—	—	39,474	52,632	78,948	—	—	—	4.75	250,000
Performance-based options	1/31/2013	—	—	—	—	—	—	—	119,389	4.75	4.75	219,473
Annual cash incentive		184,250	368,500	552,750	—	—	—	—	—	—	—	—
Theodore H. Torbeck												
Performance-based shares	1/31/2013	—	—	—	39,474	52,632	78,948	—	—	—	4.75	250,000
Performance-based options	1/31/2013	—	—	—	—	—	—	—	119,389	4.75	4.75	219,473
Restricted shares	1/2/2013	—	—	—	—	—	—	161,580	—	—	5.57	900,000
Annual cash incentive		375,000	750,000	1,125,000	—	—	—	—	—	—	—	—
David L. Heimbach												
Performance-based shares	1/31/2013	—	—	—	31,579	42,105	63,158	—	—	—	4.75	200,000
Performance-based shares	7/26/2013	—	—	—	21,995	29,326	43,989	—	—	—	3.41	100,000
Annual cash incentive		159,673	319,346	479,019	—	—	—	—	—	—	—	—
Leigh R. Fox												
	1/31/2013	—	—	—	29,447	39,263	58,895	—	—	—	4.75	186,500

Performance-based shares												
Performance-based shares	7/26/2013	—	—	—	21,995	29,326	43,989	—	—	—	3.41	100,000
Annual cash incentive		121,042	242,083	363,125	—	—	—	—	—	—	—	—
Christopher J. Wilson												
Performance-based shares	1/31/2013	—	—	—	31,579	42,105	63,158	—	—	—	4.75	200,000
Performance-based options	1/31/2013	—	—	—	—	—	—	—	95,511	4.75	4.75	175,578
Annual cash incentive		114,920	229,840	344,760	—	—	—	—	—	—	—	—
Joshua T. Duckworth												
Performance-based shares	7/26/2013	—	—	—	10,997	14,663	21,995	—	—	—	3.41	50,000
Annual cash incentive		33,959	67,917	101,876	—	—	—	—	—	—	—	—

(a) Amounts reflect shares issuable under the long-term performance-based incentive plan. Performance will be measured based on achievement of cumulative UCR targets over the three-year period 2013-2015. See pages 36-37 for further details.

(b) Amount represents restricted stock granted to Mr. Torbeck per the terms of his employment contract. This award vests over a three-year period with one-third vesting each year.

(c) Amounts represent performance-based options assuming target is met. Performance will be measured based on the achievement of cumulative UCR targets over the three-year period 2013 - 2015. The material terms of the options granted are: grant type - non-incentive; exercise price - fair market value of common stock on grant date; vesting - 50% on the first anniversary of the original grant date and 25% on the second anniversary and 25% on the third anniversary; term of grant - 10 years; termination - except in the case of death, disability or retirement, any unvested awards will be canceled 90 days following termination of employment.

(d) The amount related to the performance-based options reflects the grant-date fair values as determined using a binomial option-pricing model. The amounts related to the performance-based awards granted for the 2013-2015 performance period reflect the grant-date fair value assuming the target number of shares is earned and the executive remains with the Company through the applicable vesting dates. The amount related to the restricted share grant for Mr. Torbeck is based on the Company's closing stock price on the date of grant of $5.57. For further discussion of assumptions and valuation, refer to Note 14 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

(e) Mr. Cassidy retired effective January 31, 2013. He was not granted any plan based awards in fiscal year 2013.

(f) Mr. Freyberger resigned effective September 30, 2013. All plan based awards granted in fiscal year 2013 were forfeited.

Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

During 2013, all of the NEOs, with the exception of Mr. Duckworth, were employed pursuant to agreements with the Company. Each employment agreement sets forth, among other things, the NEO's base salary, bonus opportunities, entitlement to participate in the Company's benefit and pension plans and to receive equity awards and post-termination benefits and obligations. Mr. Cassidy’s and Mr. Wilson’s employment agreements were amended and restated, effective as of January 1, 2009, to comply with statutory requirements under Section 409A and Section 162(m) of the Code, and such amendments did not materially impact the value of any payments that might become due if the executive's employment was terminated. The Company also entered into an employment agreement with Mr. Torbeck, effective as of September 7, 2010, which was superseded by a new agreement on February 6, 2013, and amended the employment agreements of Mr. Freyberger, effective as of August 5, 2011, Messrs. Fox and Wilson, effective as of July 26, 2013 and Mr. Heimbach, effective November 20, 2013.

Mr. Cassidy's employment agreement provided for the employment and retention of Mr. Cassidy for a one-year term subject to automatic one-year extensions. Mr. Cassidy's employment agreement provided for a minimum base salary of $645,000 per year, a minimum bonus target of $968,000 per year and a nonqualified supplemental retirement plan ("SERP"). Mr. Cassidy retired effective January 31, 2013 and his employment agreement terminated. During 2013, Mr. Cassidy began receiving annuity payments under the SERP. Mr. Cassidy's nonqualified supplemental retirement plan benefit under his previous employment agreement vested and is equal to the portion of his accrued pension under the Cincinnati Bell Management Pension Plan (the "Management Pension Plan") that is attributable to his first 10 years of service.

Mr. Freyberger's employment agreement provided for the employment and retention of Mr. Freyberger for a one-year term subject to automatic one-year extensions. Mr. Freyberger's employment agreement provided for a minimum base salary of $335,000 per year and a minimum bonus target of $335,000 per year. Mr. Freyberger resigned effective September 30, 2013 and his employment agreement terminated. Effective with his resignation, the Company entered into a $930,000 consulting agreement with Mr. Freyberger to provide his assistance and expertise to management of the Company on various matters relating to the conduct of the Company's business.

Mr. Torbeck's employment agreement provides for the employment and retention of Mr. Torbeck for a one-year term subject to automatic one-year extensions. In 2012, Mr. Torbeck's employment agreement provided for both a minimum base salary and a minimum bonus target of $700,000 per year. In addition, Mr. Torbeck's employment agreement provided for a grant of 300,000 common shares as of his start date, and grants of restricted shares valued at $1,800,000 in January 2011, $1,800,000 in January 2012, and $900,000 in January 2013. In February 2013, Mr. Torbeck entered into a new employment agreement that increased his minimum base salary and minimum bonus targets to $750,000 per year.

Mr. Heimbach’s employment agreement provides for the employment and retention of Mr. Heimbach for a one-year term subject to automatic one-year extensions. Mr. Heimbach’s employment agreement provides for both a minimum base salary and a minimum bonus target of $350,000 per year.

Mr. Fox's employment agreement provides for the employment and retention of Mr. Fox for a one-year term subject to automatic one-year extensions. Mr. Fox's employment agreement provides for both a minimum base salary and a minimum bonus target of $350,000 per year.

Mr. Wilson's employment agreement provides for the employment and retention of Mr. Wilson for a one-year term subject to automatic one-year extensions. Mr. Wilson's employment agreement provides for a minimum base salary of $353,600 per year and a minimum bonus target of $229,840 per year.

Each of the NEOs, except for Mr. Torbeck and Mr. Duckworth, participate in the Management Pension Plan, which contains both a qualified defined benefit plan, and a nonqualified excess benefit plan (the provision for this excess benefit is contained in the qualified defined benefit pension plan document), which applies the same benefit formula to that portion of the base wages and annual bonus payment that exceeds the maximum compensation that can be used in determining benefits under a qualified defined benefit pension plan.

Except as noted below, all eligible salaried employees of the Company participate in the Management Pension Plan on the same basis with benefits being earned after a three-year cliff-vesting period. Covered compensation for purposes of calculating benefits include base wages including any applicable overtime wages paid plus annual bonus payments. Upon separation from employment, vested benefits are payable either as a lump-sum, a single life annuity or, for married participants, a 50% joint and survivor, which provides a reduced benefit for the employee in order to provide a benefit equal to 50% of that amount if the employee dies before his/her spouse. However, a 2009 amendment to the Management Pension Plan generally provided that only "grandfathered participants" and no other participants would accrue additional plan benefits based on their compensation and service after December 31, 2018. For purposes of the plan, a "grandfathered participant" is a Plan participant who has continuously been an employee of the Company or any of its subsidiaries since before 2009 and either: (i) was at least age 50 by January 1, 2009; or (ii) had been eligible for and accepted or declined a 2007 early retirement offer of the Company. Also, the plan was further amended to reduce the benefits accrued by grandfathered participants based on their compensation and service after December 31, 2011 by approximately one-half from the prior accrual rate. In addition, the Management Pension Plan was amended to stop accruals based on compensation paid after June 30, 2013 or services after the pay period ended June 29, 2013. The Management Pension Plan is described in further detail on pages 52-54.

Each of the employment agreements also provide for severance payments upon termination of employment as a result of death or disability, termination by the Company without cause or termination upon a change in control. The payments to the NEOs upon termination or a change in control as of December 31, 2013 are described beginning on page 55.

Long-term Incentives

The Compensation Committee has divided the total long-term incentives granted to the NEOs approximately equally between stock option or SARs grants and performance unit grants because such an allocation (i) prevents an excessive portion of long-term compensation being aligned solely on the achievement of stock price appreciation and (ii) provides an equivalent opportunity for an executive to be rewarded based on the Company achieving its more objective quantitative operating results that are consistent with its long-term business strategy. The long-term incentives granted to the NEOs are described in the Compensation Discussion and Analysis that begins on page 27.

Salary and Cash Incentive Awards in Proportion to Total Compensation

In 2013, the percentage of total compensation for each NEO represented by the sum of their salary plus bonus and non-equity incentive plan compensation as shown in the summary compensation table on page 44 was as follows: Mr. Cassidy - 104%, Mr. Freyberger - 80%, Mr. Torbeck - 74%, Mr. Heimbach - 79%, Mr. Fox - 84%, Mr. Wilson - 87% and Mr. Duckworth - 86%.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning options and other equity awards held by the NEOs at December 31, 2013:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Option (#) Exercisable	Number of Securities Underlying Unexercised Option (#) Unexercisable (a)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (a)	Option Exercise Price ($)	Option Expiration Date (b)	Number of Shares or Units of Stocks That Have Not Vested (#) (c)	Market Value of Shares or Units of Stocks That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (d)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (e)
John F. Cassidy (f)	666,100	—		3.70	12/3/2014				
	425,000	—		4.00	12/1/2015				
	85,000	—		3.49	1/27/2016				
	574,350	—		4.74	12/8/2016				
	559,355	—		4.91	12/7/2017				
	680,000	—		1.67	12/5/2018				
	609,406	—		2.91	1/29/2020				
	764,996	23,660		2.85	1/28/2021				
	329,545	—	659,092	3.40	1/27/2022				
						—	—	298,530	1,062,767
Kurt A. Freyberger (g)	—	—		—	—	—	—	—	—
Theodore H. Torbeck	—	179,084		4.75	1/30/2023				
						—	—	78,948	281,055
						754,271	2,685,205	—	—
David L. Heimbach	2,150	—		4.40	3/4/2015				
	1,000	—		4.00	12/1/2015				
	3,000	—		2.91	1/29/2020				
						—	—	153,199	545,389
Leigh R. Fox	1,500	—		2.91	1/29/2020				
						—	—	102,884	366,267
Christopher J. Wilson	30,907	—		2.91	1/29/2020				
	84,516	—		2.54	12/7/2020				
	64,935	—	129,870	3.40	1/27/2022				

	—	—	143,267	4.75	1/30/2023				
						—	—	174,614	621,625
Joshua T. Duckworth	1,800	—		2.48	8/23/2020				
						—	—	21,995	78,302

(a) These awards, with the exception of awards expiring January 27, 2022 and January 30, 2023, vest 28% on the first anniversary of the original date of grant and, thereafter, at the rate of 3% per month for the next 24 months. The options and SARs awards expiring January 27, 2022 and January 30, 2023 are performance-based and vest 50% on the first anniversary and 25% on the second and third anniversaries if the performance condition is achieved. The amounts shown above for the 2012 awards and 2013 awards reflect payout at the maximum level.

(b) All options and SARs granted are for a maximum period of ten years from the date of grant and vest over a three-year period.

(c) These awards represent restricted shares granted to Mr. Torbeck on January 2, 2013, January 3, 2012, and January 4, 2011. The value is based on the closing price of the Company's common shares as of December 31, 2013 ($3.56).

(d) Amounts in the column include performance shares granted for the 2011 - 2013 performance cycle less performance units earned and vested for (i) the 2011 period on January 28, 2012 and (ii) the 2011-2012 cumulative period on January 28, 2013. Amounts also include performance units granted for the 2012 - 2014 performance cycle less performance units earned and vested for the 2012 period on January 29, 2013. The amount also includes the performance unit grant made to each of the executives for the 2013 - 2015 performance cycle on January 31, 2013. These awards are performance-based and the amounts shown above reflect payout at the maximum level.

(e) Assuming the maximum number of shares is earned, amounts represent the equity incentive plan awards not yet vested. The value is based on the closing price of the Company's common shares as of December 31, 2013 ($3.56).

(f) Effective January 31, 2013, Mr. Cassidy retired from his position as Chief Executive Officer and was appointed Vice Chairman of the Board. Mr. Cassidy retired from the Board effective December 31, 2013, but will continue to vest in his options and stock awards.

(g) Effective September 30, 2013, Mr. Freyberger resigned and all remaining unexercised options and unvested stock awards expired 90 days after his resignation.

Option Exercises and Stock Vested

The following table sets forth information concerning the exercise of options and the vesting of stock held by the NEOs during the year ended December 31, 2013:

Option Exercises and Stock Vested in 2013

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#) (a)	Value Realized on Exercise ($) (b)	Number of Shares Acquired on Vesting (#) (c)	Value Realized on Vesting ($) (d)
John F. Cassidy	—	—	149,265	709,009
Kurt A. Freyberger	249,511	177,929	68,475	325,256
Theodore H. Torbeck	—	—	401,609	2,209,788
David L. Heimbach	—	—	35,399	168,145
Leigh R. Fox	—	—	3,750	17,813
Christopher J. Wilson	—	—	122,988	584,193
Joshua T. Duckworth	—	—	—	—

(a) The amounts shown represent shares issued upon exercise of both stock options and share-settled stock appreciation rights.

(b) The value realized on exercise is based upon the closing price of a share of our common stock on the date of exercise compared to the exercise or strike price of the option or stock appreciation award.

(c) The amount shown for Mr. Torbeck represents vesting of one-third of the restricted shares granted on January 4, 2011 and January 3, 2012. The amounts shown for Messrs. Cassidy, Freyberger, Heimbach, Fox and Wilson represent shares issued in January 2013 upon vesting of long-term performance plan awards.

(d) The amounts represent the value realized upon vesting based on the closing price of a share of our common stock on the respective vesting dates. For Mr. Torbeck, the vesting dates of his awards were 210,526 shares on January 3, 2013 ($5.45) and 191,083 shares on January 4, 2013 ($5.56). For Messrs. Cassidy, Freyberger, Heimbach, Fox and Wilson the vesting date of their awards was January 31, 2013 ($4.75).

Pension Benefits

In February 2009, the Company made significant changes to the Management Pension Plan. The Company froze pension benefits for plan participants who were not grandfathered participants (as previously described) and provided a 10-year transition period for grandfathered participants after which the pension benefit would be frozen. In addition, any employee hired on or after January 1, 2009 was not eligible to participate in the Management Pension Plan. As a result, Mr. Torbeck and Mr. Duckworth are not eligible to participate in the Management Pension Plan.

Further, as has also been noted before, the Company later reduced the rate of accrual for grandfathered participants of benefits based on compensation and service after 2011 and in fact froze altogether the further accrual of pension benefits based on additional compensation and service for grandfathered participants in mid-2013. Thus, none of the NEOs currently accrue additional benefits under such plan based on current compensation or service.

Of the NEOs, only Messrs. Cassidy, Freyberger, Fox, Wilson, and Heimbach participate in the Management Pension Plan. The following table sets forth information regarding pension benefits:

Name	Plan Name	Number of Years Credited Service (#) (a)	Present Value of Accumulated Benefit ($) (b)(c)	Payments During Last Fiscal Year ($)
John F. Cassidy	Qualified Defined Benefit Plan (d)	17	329,397	306,262
	Non-Qualified Excess Plan (e)	17	2,444,833	173,416
	Non-Qualified Supplemental Plan	17	9,521,472	245,865
	Employment Agreement (f)	17	—	968,996
	Total		12,295,702	1,694,539
Kurt A. Freyberger	Qualified Defined Benefit Plan (d)	8	—	85,516
	Non-Qualified Excess Plan (e)	8	26,184	—
	Total		26,184	85,516
David L. Heimbach	Qualified Defined Benefit Plan (d)	12	51,874	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		51,874	—
Leigh R. Fox	Qualified Defined Benefit Plan (d)	12	76,938	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		76,938	—
Christopher J. Wilson	Qualified Defined Benefit Plan (d)	15	239,677	—
	Non-Qualified Excess Plan (e)	15	104,147	—
	Total		343,824	—

(a) None of the executive officers have been granted additional years of service under any of the plans, and this column reflects the actual years of service of each executive officer.

(b) Amounts in this column represent the accumulated benefit obligations computed using the same assumptions as used for financial reporting purposes, described in more detail in Note 11 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013.

(c) If any of the executive officers had retired on December 31, 2013, they would have been entitled to a benefit equal to the balance then credited to them, without any reduction, under the Cincinnati Bell Management Pension Plan (both the tax-qualified defined benefit plan portion and the non-qualified excess plan portion) as of that date. They may elect a lump-sum or equivalent annuity form of payment subject to any payment restrictions in place due to the funding status.

(d) Management Pension Plan.

(e) Nonqualified ERISA Excess Provisions of the Cincinnati Bell Management Pension Plan.

(f) Additional pension benefit from employment agreement between the Company and Mr. Cassidy.

The Management Pension Plan is a tax-qualified defined benefit pension plan and is the same plan that is available to other eligible salaried and certain non-union hourly employees. Mr. Cassidy participated in the SERP. Contributions to the Management Pension Plan's trust and the SERP are made only by the Company.

The Management Pension Plan is a cash balance plan. Under this plan, prior to the freeze of his or her accounts, each grandfathered participant had an account to which pension credits were allocated at the end of each year based upon the participant's attained age and plan compensation for the year (with such plan compensation being subject to a maximum legal annual compensation limit, which limit was $255,000 for 2013). A participant's plan compensation for a year generally equaled the participant's base salary plus any commissions or bonuses received. To the extent that a participant's plan compensation exceeded the aforementioned annual compensation limitation, additional pension credits were given for such additional compensation under a non-tax-qualified retirement plan operated in conjunction with the Management Pension Plan (the “Excess Benefit Plan”).

The following chart shows the annual pension credits provided for 2013 under the Management Pension Plan for grandfathered participants (who accrued benefits for part of 2013) at the ages indicated:

Attained Age	Pension Credits *
50 but less than 55 years	3.25% of total plan compensation plus 3.25% of excess compensation for 2013
55 or more years	4.00% of total plan compensation plus 4.00% of excess compensation for 2013

* For purposes of the above table, "excess compensation" means the portion of a plan participant's total plan compensation for 2013 that exceeds the Social Security old-age retirement taxable wage base for 2013.

As previously indicated, such pension credits were stopped even for grandfathered participants with respect to compensation paid after June 30, 2013 and service for any pay period ended after June 29, 2013.

A participant's account under the Management Pension Plan is also generally credited with assumed interest for each calendar year at a certain interest rate. Such interest rate for 2013 was 4.0% per annum. Effective July 1, 2013 annual pension credits were eliminated.

In the case of a participant who was a participant in the Management Pension Plan on December 31, 1993 or who has benefits transferred from other plans to the Management Pension Plan, the participant's account also was credited with pension credits equivalent to the participant's accrued benefit under the plan or such other plans on that date or when such benefits are transferred, as the case may be.

After retirement or other termination of employment, a participant under the Management Pension Plan is entitled to elect to receive a benefit under the plan in the form of a lump sum payment or as an annuity, generally based on the balance credited to the participant's cash balance account under the plan when the benefit begins to be paid (but also subject to certain transition or special benefit formula rules in certain situations).

Until his retirement in January 2013, Mr. Cassidy was the only active participant in the SERP, and the Company has no current intention to add other persons to actively participate in such plan. During 2013, Mr. Cassidy began receiving annuity payments under the SERP.

Nonqualified Deferred Compensation

The following table sets forth information concerning compensation deferred by the NEOs:

Nonqualified Deferred Compensation for 2013 Fiscal Year

Name	Executive Contributions in Last Fiscal Year ($)	Company Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($) (a)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2013 ($)
John F. Cassidy	—	—	(520,120)	—	964,390
Kurt A. Freyberger	—	—	5,096	—	49,403
Theodore H. Torbeck	—	—	—	—	—
David L. Heimbach	—	—	—	—	—
Leigh R. Fox	—	—	—	—	—
Christopher J. Wilson	—	—	(192,000)	—	356,000
Joshua T. Duckworth	—	—	—	—	—

(a) For Messrs. Cassidy, Freyberger and Wilson, the amount shown includes the difference between the closing price of the Company's stock ($5.48) on December 31, 2012 and the closing price of the Company's stock ($3.56) on December 31, 2013 with respect to deferrals made prior to 2013.

The Cincinnati Bell Inc. Executive Deferred Compensation Plan (the "Executive Deferred Compensation Plan") generally permits under its current policies, for any calendar year, each employee who has an annual base rate of pay and target bonus above a certain high dollar amount and has been designated by the Company or a subsidiary of the Company as a "key employee" for purposes of the plan (for 2014 a key employee for purposes of the plan generally has annual pay of more than $260,000) to defer receipt of up to 75% of his or her base salary, up to 100% of his or her cash bonuses (including annual incentive awards and non-performance-based cash awards under the 2007 Long Term Incentive Plan (collectively with predecessor plans, the "Long Term Incentive Plans")) and up to 100% of any performance-based common share awards (not including awards of stock options or restricted stock after 2005) provided under the Long Term Incentive Plans or the Short Term Incentive Plan.

For all key employees who participate in the Executive Deferred Compensation Plan, there is also a Company "match" on the amount of base salary and cash bonuses deferred under the plan for any calendar year. In general, the match is equal to the lesser of 66 $^{2}/3$% of the base salary and cash bonuses deferred or 4% of the base salary and cash bonuses for a year that exceed the annual compensation limit.

Amounts deferred by any participating key employee under the Executive Deferred Compensation Plan and any related Company "match" are credited to the account of the participant under the plan and are assumed to be invested in various mutual funds or other investments (including common shares) as designated by the participant.

The accounts under the Executive Deferred Compensation Plan are not funded in a manner that would give any participant a secured interest in any funds, and benefits are paid from the assets of the Company and its subsidiaries (or from a trust that the Company has established and that remains subject to the Company's creditors).

The amounts credited to the account of any participant under the Executive Deferred Compensation Plan are generally distributed, as so elected by the participant, in a lump sum or in two to ten annual installments (in cash and/or common shares), that begin at some date after his or her termination of employment with the Company and its subsidiaries or a fixed date that occurs at least six years after the start of the first calendar year in which he or she participates in the plan. In addition, as a special rule, in the event of a change in control of the Company, all of the amounts then credited under the plan to a participant's account under the plan are generally paid in a lump sum on the day after the change in control.

The Executive 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 participant's account under the plan. The Company has amended the plan to meet the requirements of the American Jobs Creation Act of 2004.

Potential Payments upon Termination of Employment or a Change in Control

The following table shows potential payments to our NEOs directly and indirectly on their behalf under existing contracts, agreements, plans or arrangements, whether written or unwritten, for various scenarios involving a change in control or termination of employment, assuming a December 31, 2013 termination or change in control date and, where applicable, using the closing price of our common shares on December 31, 2013 of $3.56. Mr. Cassidy retired effective January 31, 2013 and Mr. Freyberger resigned effective September 30, 2013; therefore they were not eligible for any payments upon termination or change in control as of December 31, 2013.

Potential Payments upon Termination of Employment or a Change in Control: 2013

Name	Executive Payment on Termination	Involuntary Not for Cause Termination ($)	Change in Control ($)	Death ($)	Disability ($)
Theodore H. Torbeck	Base Salary	1,500,000	2,242,500	—	—
	Annual Incentive Target Opportunity	—	2,242,500	949,950	949,950
	Long Term Incentives — Options	—	—	—	—
	Long Term Incentives — Performance Based (a)	140,526	187,368	187,368	187,368
	Long Term Incentives — Restricted Shares	2,493,466	2,685,207	2,685,207	2,685,207
	Basic Benefits (b)	27,080	27,080	—	101,550