

CINCINNATI BELL INC
Form DEF 14A
March 23, 2004

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**SCHEDULE 14A
(RULE 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Cincinnati Bell Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

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- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Cincinnati Bell Inc.

201 East Fourth Street
Cincinnati, Ohio 45202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 23, 2004

To Our Shareholders:

The 2004 Annual Meeting of Shareholders of Cincinnati Bell Inc. (the Company) will be held on Friday, April 23, 2004, at 11:00 a.m., Eastern Daylight Savings Time, in the Grand Ballroom at The Phoenix, 812 Race Street, Cincinnati, Ohio 45202, for the following purposes:

1. To elect three Class II directors to serve three-year terms ending in 2007; and
2. 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 February 25, 2004 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 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. PLEASE READ THE ENCLOSED MATERIAL AND VOTE YOUR SHARES. YOU CAN VOTE VIA THE INTERNET, BY TELEPHONE, OR BY MAILING YOUR COMPLETED AND SIGNED PROXY CARD OR VOTING INSTRUCTION CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. IF YOU ARE THE SHAREHOLDER OF RECORD FOR YOUR SHARES, YOU CAN ALSO VOTE AT THE ANNUAL MEETING.

Your prompt response will also help reduce proxy costs and will help you avoid receiving follow-up telephone calls or mailings. Voting via the Internet or by telephone will help reduce proxy costs even further.

We have enclosed the Proxy Statement with this notice of the Annual Meeting.

By Order of the Board of Directors

Amy Collins
Secretary

March 22, 2004

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CINCINNATI BELL INC.

201 East Fourth Street

Cincinnati, Ohio 45202

PROXY STATEMENT

For the Annual Meeting of Shareholders

to be held on Friday, April 23, 2004

This Proxy Statement and the accompanying proxy card or voting instruction card are 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 2004 Annual Meeting of Shareholders. The Annual Meeting will be held on Friday, April 23, 2004, at 11:00 a.m., Eastern Daylight Savings Time, in the Grand Ballroom at The Phoenix, 812 Race Street, Cincinnati, Ohio 45202. The Notice of Annual Meeting of Shareholders, this Proxy Statement, the accompanying proxy card or voting instruction card, the Company's Annual Report on Form 10-K for the year ended December 31, 2003 and the Company's Summary Annual Report 2003 are first being mailed to the shareholders on or about April 1, 2004.

The Company's Board of Directors has established February 25, 2004 as the record date (the Record Date) for determining shareholders entitled 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. Elect three Class II directors to serve three-year terms ending in 2007; and
2. 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

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Cincinnati Bell Inc. is a full-service local provider of data and voice communications services and a regional provider of wireless and long distance communications services. The Company provides telecommunications services on its owned local and wireless networks with a well-regarded brand name and reputation for service.

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 April 23, 2004. As a shareholder, you are invited to attend the meeting and are entitled to vote on the proposal described in this Proxy Statement.

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

A: This Proxy Statement includes information relating to the proposal 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 and the rules and listing standards of the New York Stock Exchange. Also enclosed is a proxy card or voting instruction card for your use in voting. The Company's Annual Report on Form 10-K for the year ended December 31, 2003, which includes our 2003 consolidated financial statements, and our Summary Annual Report 2003 are also included in the package of materials that you received.

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

A: There is currently one proposal scheduled to be voted on at the meeting: the election of three Class II directors to serve three-year terms ending in 2007.

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.

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 as of the close of business on the Record Date. These shares include: (1) shares held directly in your name as the shareholder of record, including common shares purchased through the Cincinnati Bell Employee Stock Purchase Plan, Cincinnati Bell Retirement Savings Plan, or Cincinnati Bell Inc. Savings and Security Plan and credited to your account under any of such plans; and (2) 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, and Cincinnati Bell is sending these proxy materials directly to you. As a shareholder of record, you may grant your voting proxy directly to Cincinnati Bell to vote your shares or you may vote your shares in person at the meeting. Cincinnati Bell has enclosed a proxy card for your use in voting by proxy.

Beneficial Owner

If your shares are held in a stock brokerage account or by another nominee, 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 beneficial owner, your broker or nominee has forwarded these proxy materials to you. As the beneficial owner, you may direct your broker or nominee to vote. Your broker or nominee has provided a

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voting instruction card for you to use in directing the broker or nominee on how to vote your shares. 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 record holder giving you the right to vote the shares.

Q: How can I 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, please bring the enclosed proxy card and proof of identification. Shares you hold beneficially, in street name, cannot be voted at the Annual Meeting unless you obtain a signed proxy from the shareholder of record authorizing you to vote these shares at the Annual Meeting.

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

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may direct your vote without attending the meeting. For shares held directly as the shareholder of record, you may vote by granting a proxy. For shares held in street name, you may vote by submitting voting instructions to your broker or nominee. You may also vote via the Internet or by telephone. Please refer to the summary instructions below and those included on your proxy card or voting instruction card.

Via the Internet If you have Internet access, you may submit your vote from any location by following the **Vote by Internet** instructions on your proxy card or voting instruction card.

By telephone If you live in the United States or Canada, you may submit your vote by following the **Vote by Phone** instructions on the proxy card or voting instruction card.

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

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. For shares you hold as the shareholder of record, you may change your vote by either: (i) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (ii) notifying the Company's Secretary in writing that you want to revoke your earlier proxy; or (iii) attending the Annual Meeting, giving notice of your proxy revocation in open meeting and voting in person. Please note that mere attendance at the meeting will not cause your previously granted proxy to be revoked; at the Annual Meeting you must specifically request to revoke your previous proxy. For shares held beneficially by you in street name, you may change your vote by submitting new voting instructions to your broker or nominee.

Q: How do I vote for directors?

A: For the election of directors, you may vote **FOR** all of the nominees, or you may withhold your vote with respect to one or more of the nominees. To do so, you must follow the instructions on your proxy card or voting instruction card or, if voting via the Internet or by phone, by following the instructions when prompted. If you sign your proxy card or broker voting instruction card and do not provide instructions concerning your vote, your shares will be voted in accordance with the recommendation of the Board (**FOR** all of the Company's nominees to the Board and in the discretion of the proxy holders on any other matters that properly come before the meeting). If you hold common shares through a Cincinnati Bell or Convergys Corporation employee or director plan managed by Fidelity Management Trust Company (**Fidelity**), follow the instructions below.

Q: If I own shares through a Cincinnati Bell or Convergys Corporation employee or director plan managed by Fidelity, how will my shares be voted?

A: If you are a participant in the Cincinnati Bell Inc. Executive Deferred Compensation Plan, Cincinnati Bell Retirement Savings Plan, Cincinnati Bell Inc. Savings and Security Plan, Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors or the Convergys Corporation Retirement and Savings Plan, you

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have the right to direct Fidelity to vote any Cincinnati Bell shares credited to your account. For director nominations, you should follow the instructions on your proxy card. If no direction is made, or, if you vote by mail and your proxy card is not signed or has not been received by close of business on April 22, 2004, the shares credited to your account will not be voted.

Q: What is the voting requirement to approve the proposal?

A: In the election of directors, the three persons receiving the highest number of FOR votes will be elected. If you are a beneficial owner and do not respond to your broker's or nominee's request for voting instructions or do not sign your voting instruction card, your shares will constitute broker non-votes, as described in "What is the quorum requirement for the meeting?" below. In tabulating the voting result, broker non-votes are not considered entitled to vote. There are no cumulative voting rights for either the common shares or 6 3/4% Cumulative Convertible Preferred Shares.

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

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards 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 our quarterly report on Form 10-Q for the first quarter of fiscal year 2004.

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, Bruce L. Byrnes, John F. Cassidy and Karen M. Hoguet, 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 is 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 of Directors.

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 for each 6 3/4% Cumulative Convertible Preferred Share you own on the Record Date. The 6 3/4% Cumulative Convertible Preferred Shares will vote with the common shares as one class on the proposal described in this Proxy Statement. On the Record Date, we had 245,164,718 common shares and 155,250 6 3/4% Cumulative Convertible Preferred Shares issued and outstanding.

Q: What is the quorum requirement for the meeting?

A: The quorum requirement for holding the meeting and transacting business is the presence, in person or by proxy, of a majority of the common and preferred shares issued and outstanding and entitled to vote at such meeting. However, even if a quorum is present, if any particular action requires other than a simple majority under either the law, 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.

Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Abstentions are also counted as shares present and entitled to be voted. Broker non-votes, however, are not counted as shares present and entitled to be voted with respect to the matter on which the broker has expressly not voted. Thus, broker non-votes will not affect the outcome of any of the matters being voted upon at the meeting.

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Q: Who will count the votes?

A: A representative of Computershare Investor Services, LLC, Cincinnati Bell's transfer agent and registrar, will tabulate the votes and act as the inspector of election.

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 Cincinnati Bell or to third parties except (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, or (3) to facilitate a successful proxy solicitation by the Board. Occasionally, shareholders provide written comments on their proxy card, which are then forwarded to Cincinnati Bell's management.

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

A: Cincinnati Bell is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. If you choose to access the proxy materials and/or vote via the Internet, however, you are responsible for any Internet access charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also have hired Georgeson Shareholder Communications Inc. to assist us in the distribution of proxy materials and the solicitation of votes. We will pay Georgeson Shareholder Communications Inc. a fee of \$10,000 plus expenses for these services. We will also reimburse brokerage houses and other nominees for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

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

A: Our directors and executive officers owned approximately 3.03% of our voting stock as of the Record Date or an earlier date as noted in the table on page 17.

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 December 31, 2003, Gabelli Asset Management Company and an affiliate collectively owned 14,342,302, or 5.86%, of the issued and outstanding common shares. As of December 31, 2003, various entities and funds affiliated with Legg Mason, Inc. collectively owned 28,650,328, or 11.69%, of the issued and outstanding common shares. As of February 29, 2004, Shapiro Capital Management Company, Inc. and its affiliates collectively owned 13,037,418, or 5.34% of the issued and outstanding common shares. See page 17 for more details.

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, such as this Proxy Statement, 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 at your mailing address but would like to receive separate copies, please see the instructions on page 33. If you and other shareholders at the same mailing address are currently receiving multiple copies of Company communications but would like to participate in our Householding program, please see the instructions on page 33.

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Our Board currently has nine directors and the following four committees: (1) Audit and Finance, (2) Compensation, (3) Executive, and (4) Governance and Nominating. The members and function of each committee are described below. During fiscal year 2003, the Board held 16 meetings and no director attended less than 75% of all Board and applicable committee meetings during the period in which he or she served as a director.

The Board evaluated the independence of each director. Based on an analysis of information supplied by the directors, the Board evaluated 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. The Board has determined that each director, except Mr. Cassidy, is an independent director according to the rules and listing standards of the New York Stock Exchange (NYSE).

Corporate Governance

Under the Company's Corporate Governance Guidelines, directors are expected to attend the annual meeting of shareholders. All of the directors except Mr. Cox, who had a previously scheduled commitment, attended the 2003 Annual Meeting of Shareholders.

The Company's Corporate Governance Guidelines are attached as Exhibit A to this Proxy Statement and are available on the Company's website, www.cincinnati-bell.com in the Corporate Governance Section of the Corporate Information webpage.

Committees of the Board

The following table sets forth the membership of the committees of the Board of Directors:

Name of Director	Audit and Finance	Compensation	Executive	Governance and Nominating
<i>Non-Employee Directors</i>				
Bruce L. Byrnes		X		X*
Phillip R. Cox	X	X	X*	X
Karen M. Hoguet	X			
Daniel J. Meyer	X*	X	X	
Michael G. Morris		X		X
Carl Redfield	X			X
David B. Sharrock		X*	X	
John M. Zrno	X			X
<i>Employee Director</i>				
John F. Cassidy			X	

X = Committee member; * = Chair

Audit and Finance Committee: The Audit and Finance Committee consists of five persons, none of whom is an officer of the Company. The Committee held eleven meetings during 2003. The purpose of the Committee is to assist the Board of Directors in its oversight of (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the independent auditor, and (iv) the performance of the Company's internal audit function and independent auditors.

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The Board has determined that each member of the Audit and Finance Committee satisfies the independence requirements of the rules and regulations of the Securities and Exchange Commission (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 has determined that Daniel J. Meyer is an audit committee financial expert as defined in the 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.

The Audit Committee Charter is attached as Exhibit B to this Proxy Statement and is available on the Company's website, www.cincinnati-bell.com in the Corporate Governance Section of the Corporate Information webpage.

Compensation Committee: The Compensation Committee consists of five persons, none of whom is an officer. The Committee held seven meetings during 2003. The Compensation Committee is responsible to ensure that directors and certain key executives are effectively compensated in terms of base compensation, short- and long-term incentive compensation and benefits that are competitive. In addition, the Committee is responsible for evaluating the performance of the Chief Executive Officer and reviewing with management the succession planning process for key executive positions. The Board has determined that each member of the Compensation Committee satisfies the independence requirements of the rules and listing standards of the NYSE. The Compensation Committee Charter is attached to this Proxy Statement as Exhibit C and is available on the Company's website, www.cincinnati-bell.com in the Corporate Governance Section of the Corporate Information webpage.

Executive Committee: The Executive Committee consists of four persons, one of whom is an officer. The Committee held three meetings during 2003. The Committee acts on behalf of the Board in certain matters when necessary during the intervals between Board meetings.

Governance and Nominating Committee: The Governance and Nominating Committee consists of five persons, none of whom is an officer. The Committee held four meetings during 2003. The Committee identifies individuals to become members of the Board, periodically reviews the size and composition of the Board, 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 Board has determined that each member of the Governance and Nominating Committee satisfies the independence requirements of the rules and listing standards of the NYSE. The Governance and Nominating Committee Charter is attached to this Proxy Statement as Exhibit D and is available on the Company's website, www.cincinnati-bell.com in the Corporate Governance Section of the Corporate Information webpage.

Director Nominations

The Governance and Nominating Committee will consider director candidates recommended by shareholders. In connection with this year's election of directors, no candidate was recommended by a beneficial owner of more than 5% of Cincinnati Bell's voting stock.

The Committee's process for identifying and evaluating candidates to be nominated as directors is as follows: Any qualified individual or group, including shareholders, incumbent directors and members of top management, may propose a candidate for the Board at any time. Background information on proposed candidates is forwarded to the Governance and Nominating Committee. The Committee will, when an opening for a director occurs, review forwarded materials on prospective candidates. A candidate selected from that review will be interviewed by all members of the Committee, unless such interview is voluntarily waived by a member or members. If approved by the Committee, the candidate will be recommended to the full Board for consideration. There are no differences in the manner in which the Committee evaluates shareholder-recommended candidates.

The selection criteria for board members includes the following: established leadership reputation in his or her field; recognized for good business judgment; active in business; knowledge of business on a national/global

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basis; meets high ethical standards; familiar with the field of telecommunications services; commitment to board/committee meeting attendance; and contribution to gender, racial and/or geographical diversity of board.

Director Compensation Arrangements

Compensation for Employee Directors

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

General Compensation Policy for Non-Employee Directors

Effective August 1, 2003, the Board resolved that all directors who are not employees of the Company or any subsidiary of the Company (non-employee directors) receive a \$30,000 annual retainer plus \$2,000 for each Board and committee meeting attended. The chairperson of the Audit and Finance Committee receives a \$10,000 annual retainer, and the chairpersons of the Governance and Nominating Committee and the Compensation Committee receive a \$5,500 annual retainer. The members of the Audit and Finance Committee receive a \$5,000 annual retainer and members of each of the Compensation Committee and the Governance and Nominating Committee receive a \$2,500 annual retainer. Mr. Meyer, who served as Chairman of the Board until June 15, 2003, received approximately \$115,000 during that period for his service as Chairman. Mr. Cox, who has served as Chairman of the Board since June 16, 2003, received approximately \$98,000 for his service as Chairman in 2003, in addition to the applicable retainers and meeting fees described above.

Non-Employee Directors Deferred Compensation Plan

The Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors (the Directors Deferred Compensation Plan) allows each non-employee director of the Company to choose 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, and his or her account under the plan is adjusted by the investment return that would result if such amounts were assumed to be invested in the investment options that he or she chooses. A non-employee director is fully vested at all times in the amounts that are credited to his or her account under the plan pursuant to the rules described in this paragraph.

In addition, each person who is a non-employee director on the first business day of the year has his or her account under the Directors Deferred Compensation Plan credited on such date with an amount equal to the value of 1,500 common shares of the Company. A non-employee director's account under the plan is also adjusted by the investment return that would result if such amounts were assumed to be invested exclusively in common shares. A non-employee director will generally be vested in the amounts credited to his or her account under the plan pursuant to the rules described in this paragraph 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 who served as a non-employee director prior to 2004 may also have 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 years before 2004 or on other extra amounts that were credited by the Company to his or her account under the plan prior to such year.

In general, a non-employee director of the Company can, if he or she complies with specific election rules set forth in the plan, elect to receive his or her account under the Directors Deferred Compensation Plan in either a lump sum payment or in annual installments (up to ten installments). Each payment is made in the form of cash to the extent the amounts credited to his or her account under the plan 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 his or her account is deemed to be invested under the plan in such shares.

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Other than for certain circumstances described below, a non-employee director of the Company can, if he or she complies with specific election rules set forth in the plan and subject to the completion of certain administrative processes under the plan, elect to receive the portion of his or her account under the Directors Deferred Compensation Plan in which he or she is vested and that is attributable to the deferrals of his or her director fees and annual retainers, and other Company credits to his or her account (i) for 2003 or any later calendar year as early as (but no earlier than) the date on which he or she ceases to be a member of the Board or the sixth annual anniversary of the first day of the calendar year for which the credit was made, whichever occurs earlier and (ii) for 2002 or any earlier calendar year as early as (but no earlier than) the first business day of the first calendar year that begins after he or she ceases to be a member of the Board.

The Directors Deferred Compensation Plan provides three exceptions to the rules regarding the timing of distributions of a director's account under the plan: (i) in the event of a change in control of the Company; (ii) at the election of the director in the event of severe financial hardship; and (iii) at the election of the director if he or she agrees to certain forfeitures and restrictions.

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 and its subsidiaries.

Non-Employee Directors Stock Option Plan

The Company grants its non-employee directors stock options to purchase common shares under the Cincinnati Bell Inc. 1997 Stock Option Plan for Non-Employee Directors (the Directors Stock Option Plan). Pursuant to the current terms of such plan, each non-employee director of the Company is granted:

a stock option for 25,000 common shares on the first day of his or her initial term of office as a non-employee director of the Company;
and

a stock option for 9,000 common shares 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.

In addition, a non-employee director of the Company may elect, prior to the start of any calendar year, to waive all or a portion (in 25% increments) of his or her retainer and other director fees from the Company for such calendar year and in return receive an additional stock option under the Directors Stock Option Plan as of the first business day of such calendar year. The number of common shares to be subject to such elected option will be determined by the Board in its discretion (and generally, in the absence of another method chosen by the Board, will be determined by dividing the anticipated retainer and other fees for the calendar year for which the director is waiving the fees by the per share value of the stock option as determined under a reasonable valuation method adopted by the Board).

Each stock option granted a non-employee director under the Directors Stock Option 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 Directors Stock Option Plan, a non-employee director of the Company who is granted an option under the plan generally will have ten years from the date of the grant of the option to elect to exercise the option.

Other Compensation for Non-Employee Directors

The Company also provides its non-employee directors who live in the Cincinnati area with certain telecommunications services. The average annual cost of such services was approximately \$1,540 per non-employee director in 2003 who received such services.

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Executive Sessions of Non-Management Directors

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

COMPENSATION INTERLOCKS AND INSIDER PARTICIPATION

None to report.

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ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

The Board of the Company presently consists of nine members, one of whom is an officer of the Company. The Company's Amended Articles of Incorporation provide for the directors to be divided into three classes. At each annual meeting of shareholders, directors constituting a class are elected for three-year terms. Upon election, the terms of the three directors in Class II expire in 2007. The terms of the three directors in Class III expire in 2005. The terms of the three directors in Class I expire in 2006. The directors of each class will serve until their respective successors are elected and qualified.

The Board has nominated Phillip R. Cox, Michael G. Morris and John M. Zrno, all of whom are incumbent directors, as Class II directors, to serve until the 2007 annual meeting of shareholders. Information regarding the business experience of each nominee is provided below. Mr. Morris was appointed to fill a vacancy on the board in December 2003. A non-management director of the Company recommended Mr. Morris to the Nomination and Governance Committee, which, in turn, recommended him to the Board for appointment.

If one or more of the nominees should at the time of the meeting be unavailable or unable to serve as a candidate, the shares represented by the proxies will be voted to elect the remaining nominees 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.

Our Recommendation

The three director nominees who receive the greatest number of votes will be elected to the Board of Directors. The Board recommends election of each of the nominees.

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

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NOMINEES FOR CLASS II DIRECTORS

(Terms Expire in 2007)

Phillip R. Cox

Mr. Cox has been President and Chief Executive Officer of Cox Financial Corporation (a financial planning services company) since 1972. He is a director of the Federal Reserve Bank of Cleveland, Cinergy Corp., Touchstone Mutual Funds and Long Stanton Manufacturing Company. Director since 1993. Age 56.

Michael G. Morris

Mr. Morris has been the President and Chief Executive Officer of American Electric Power (an electric and gas utility) since January 2004 and the Chairman of AEP since February 2004. Before joining AEP, he was the Chairman, President and Chief Executive Officer of Northeast Utilities System from 1997 through December 2003. Prior to that time, he served as President and Chief Executive Officer of Consumers Energy, the principal subsidiary of CMS Energy, and as President of CMS Marketing, Services and Trading. He is a director of Spinnaker Exploration Company and Flint, Inc. Director since 2003. Age 57.

John M. Zrno

Mr. Zrno is retired. He was President and Chief Executive Officer of IXC Communications, Inc. (a telecommunications company) from June 1999 through November 1999. He served as President and Chief Executive Officer of ALC Communications Corporation from 1988 through 1995. He is a director of BullsEye Telecom. Director since 1999. Age 65.

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CLASS III Directors

(Terms Expire in 2005)

John F. Cassidy

Mr. Cassidy has been the President and Chief Executive Officer of Cincinnati Bell Inc. since July 2003 and a director of Cincinnati Bell Inc. since September 2002. Among other positions held with the Company's subsidiaries, he has been President of Cincinnati Bell Telephone Company since May 2001 and President of Cincinnati Bell Wireless Company since 1997. Prior to that time, he served as Senior Vice President, National Sales & Distribution of Rogers Cantel in Canada from 1992 through 1996; as Vice President, Sales and Marketing of Ericsson Mobile Communications from 1990 through 1992; and as Vice President, Sales and Marketing of General Electric Company from 1988 through 1990. Director since 2002. Age 49.

Daniel J. Meyer

Mr. Meyer is a principal of Meyer Ventures (a venture capital company). He served as Chairman and Chief Executive Officer of Milacron, Inc. (a manufacturer of metal working fluids and plastics processing machinery and systems) from 1991 through May, 2001. He is a director of AK Steel Holding Corporation and Hubbell Incorporated. Director since 1999. Age 67.

Bruce L. Byrnes

Mr. Byrnes has been Vice Chairman of the Board and President-Global Beauty, Global Feminine and Global Health Care of The Procter & Gamble Company (a consumer products company) since 2002. He has held the following positions at The Procter & Gamble Company: President-Global Beauty Care and Global Health Care since 2000; President-Global Health Care from 1999 through 2000; and President, Health Care Products-North America from 1997 through 1999. He is a director of The Procter & Gamble Company. Director since 2003. Age 55.

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CLASS I DIRECTORS

(Terms Expire in 2006)

Karen M. Hoguet

Ms. Hoguet is Chief Financial Officer and Senior Vice President of Federated Department Stores, Inc. (owner and operator of retail department stores). At Federated Department Stores, she has served as a Senior Vice President since 1991 and Chief Financial Officer since 1997; and she served as Treasurer from 1992 through 1999. She is a director of the Wedding Channel. Director since 1999. Age 47.

Carl Redfield

Mr. Redfield has been Senior Vice President of Worldwide Manufacturing/Logistics at Cisco Systems, Inc. (a networking and telecommunication company) since 1997 and was Vice President, Manufacturing/ Logistics of Cisco Systems, Inc., from 1993 through 1999. Prior to that time, he served as Senior Director, Manufacturing/ Logistics Personal Computer Group of Digital Equipment Corporation from 1975 through 1993. He is a director of VA Software Corporation. Director since 2000. Age 57.

David B. Sharrock

Mr. Sharrock has been a consultant since 1994. Prior to that time, he served as Executive Vice President and Chief Operating Officer of Marion Merrell Dow Inc. (a researcher, manufacturer and seller of pharmaceutical products) from 1989 through 1993. He served as President and Chief Operating Officer of Merrell Dow Pharmaceuticals Inc. from 1988 through 1989. He is a director of Indevus Pharmaceuticals Inc., Incara Pharmaceuticals, Inc., Praecis Pharmaceuticals, Inc. and MGI Pharma, Inc. Director since 1987. Age 67.

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

AUDIT AND FINANCE COMMITTEE REPORT

The Audit and Finance Committee of the Board has reviewed and discussed the Company's audited financial statements with the management of the Company and has obtained a report from management assessing the Company's internal controls. The Audit and Finance Committee has discussed with PricewaterhouseCoopers LLP, the Company's independent auditors, the matters required by SAS 61 (Codification of Statements on Auditing Standards, AU § 380) to be discussed. The Audit and Finance Committee has also received the written disclosures and letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), has discussed with PricewaterhouseCoopers LLP the independence of such independent auditing firm, and has considered the question of whether the auditors' provision of non-audit services was compatible with the auditors 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, 2003 be included in the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2003.

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 Daniel J. Meyer is an audit committee financial expert as defined in the 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:

Daniel J. Meyer, Chairman
Phillip R. Cox
Karen M. Hoguet
Carl Redfield
John M. Zrno

Table of Contents**INDEPENDENT PUBLIC AUDITOR**

For the fiscal year 2004, the Audit and Finance Committee has selected PricewaterhouseCoopers LLP as its principal outside auditor.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

AUDIT FEES

Aggregate fees for professional services rendered for the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2003 and 2002, were as follows:

	<u>2003</u>	<u>2002</u>
Audit Fees	\$ 1,589,365	\$ 986,575
Audit Related Fees	257,732	107,654
Tax Fees	81,716	241,835
All Other Fees		
	<u> </u>	<u> </u>
Total	\$ 1,928,813	\$ 1,336,064

Audit Fees

The Audit Fees for the years ended December 31, 2003 and 2002, respectively, were for services rendered in connection with the audit of the Company's annual consolidated financial statements and review of consolidated financial statements included in the Company's Forms 10-Q. In addition, in 2003, PricewaterhouseCoopers LLP provided assistance with and review of documents filed with the SEC and services in connection with the issuance of comfort letters and consents.

Audit Related Fees

The Audit Related Fees for the year ended December 31, 2003 were for professional services rendered for the audits of the Company's employee benefit plans, for audit services required by the Company's creditors and various accounting consultations. Audit Related Fees for the year ended December 31, 2002 were for professional services rendered for the audits of the Company's employee benefit plans and due diligence procedures.

Tax Fees

Tax Fees for the years ended December 31, 2003 and 2002, respectively, were for consulting services related to the implications of changes in federal and state tax laws, implications of equity related transactions, foreign tax compliance, accounting method changes and non-income based taxes.

All Other Fees

None.

Engagement of the Independent Auditor

As of May 6, 2003, the Company's Audit and Finance Committee became responsible for approving every engagement of PricewaterhouseCoopers LLP to perform audit or non-audit services on behalf of the Company or any of its subsidiaries before PricewaterhouseCoopers LLP is engaged to provide those services. The Audit and Finance Committee's pre-approval policies and procedures for

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audit and non-audit services are included in the Audit and Finance Committee Charter, which is attached to this Proxy Statement as Exhibit B. All of the non-audit services rendered by PricewaterhouseCoopers LLP subsequent to May 6, 2003 were pre-approved by the Audit and Finance Committee.

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The following table sets forth the beneficial ownership of common shares and 6 3/4% Cumulative Convertible Preferred Shares as of February 25, 2004 (except as otherwise noted) by (i) each beneficial owner of more than five percent (5%) of either class of stock, (ii) each director and each executive officer named in the Summary Compensation Table on page 21, and (iii) all directors and executive officers of the Company as a group.

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

Name and Address of Beneficial Owner	Common Shares Beneficially Owned as of February 25, 2004 (unless otherwise noted)(a)	Percent of Common Shares	6 3/4% Cumulative Convertible Preferred Shares Owned as of February 25, 2004(g)	Percent of 6 3/4% Cumulative Convertible Preferred Shares(g)
Various entities affiliated with Legg Mason 100 Light Street Baltimore, MD 21202	28,650,328(b)	11.69		
Various entities affiliated with Gabelli Asset Management Company One Corporate Center Rye, NY 10580-1435	14,342,302(c)	5.86		
Various entities affiliated with Shapiro Capital Management Company, Inc. 3060 Peachtree Road, Suite 1555 N.W. Atlanta, GA 30305	13,037,418(d)	5.34		
Bruce L. Byrnes	25,000	*		
Michael W. Callaghan	384,130	*		
John F. Cassidy	1,239,507	*		
Phillip R. Cox	85,586	*		
Karen M. Hoguet	75,325	*		
Brian G. Keating	70,166	*		
Daniel J. Meyer	72,000	*		
Kevin W. Mooney	2,141,478(e)(f)	*		
Michael G. Morris	25,000	*		
Carl Redfield	52,000	*		
Brian A. Ross	129,257	*		
Thomas L. Schilling				