

CINCINNATI BELL INC  
Form 4  
August 31, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
CALLAGHAN MICHAEL W

(Last) (First) (Middle)

201 EAST FOURTH STREET

(Street)

CINCINNATI, OH 45202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
CINCINNATI BELL INC [CBB]

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/30/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock					999.876	I	By Trustee of 401k RSP
Common Stock	08/30/2006		S		40,000	D	\$ 5.04
Common Stock	08/30/2006		S		7,450	D	\$ 5.06
					0	I	By Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to Buy <u>(1)</u>	\$ 12.981					01/02/1998 <sup>(3)</sup>	01/02/2007	Common Stock	6,400
Option to Buy <u>(2)</u>	\$ 13.155					01/02/1999 <sup>(3)</sup>	01/02/2006	Common Stock	6,800
Option to Buy <u>(2)</u>	\$ 22.375					03/31/2000 <sup>(3)</sup>	03/31/2009	Common Stock	20,000
Option to Buy <u>(2)</u>	\$ 22.25					04/01/2001 <sup>(4)</sup>	04/01/1999	Common Stock	400
Option to Buy <u>(2)</u>	\$ 16.7813					09/17/2001 <sup>(4)</sup>	09/17/2009	Common Stock	250,000
Option to Buy <u>(2)</u>	\$ 35.9688					01/03/2001 <sup>(5)</sup>	01/03/2010	Common Stock	20,000
Option to Buy <u>(2)</u>	\$ 22.8438					01/02/2002 <sup>(5)</sup>	01/02/2011	Common Stock	15,000
Option to Buy <u>(2)</u>	\$ 9.645					12/04/2002 <sup>(5)</sup>	12/04/2011	Common Stock	100,000
Option to Buy <u>(2)</u>	\$ 3.48					12/05/2003 <sup>(5)</sup>	12/05/2012	Common Stock	100,000
	\$ 5.655					12/04/2004 <sup>(5)</sup>	02/04/2013		51,000

Option to Buy <u>(2)</u>					Common Stock	
Option to Buy <u>(2)</u>	\$ 3.7		12/03/2005 <sup>(5)</sup>	12/03/2014	Common Stock	75,000
Option to Buy <u>(2)</u>	\$ 3.995		12/01/2005 <sup>(6)</sup>	12/01/2015	Common Stock	75,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CALLAGHAN MICHAEL W 201 EAST FOURTH STREET CINCINNATI, OH 45202			Senior Vice President	

## Signatures

Christopher J. Wilson by Power of Attorney for Michael W.  
Callaghan

08/31/2006

    Signature of Reporting Person     Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Option shares granted under the Cincinnati Bell Inc. 1988 Long Term Incentive Plan which is a Rule 16b-3 Plan.
- (2) Option shares granted under the Cincinnati Bell Inc. 1997 Long Term Incentive Plan which is a Rule 16b-3 Plan.
- (3) 3-Year vesting schedule: 25% one year from grant date; 25% two years from grant date; 50% three years from grant date.  
5-year vesting schedule: 25% third year from grant date; 25% four years from grant date; 50% five years from grant date. Options are
- (4) subject to accelerated vesting if certain financial targets are met: 15% one year from grant date; 15% two years from grant date; 20% three years from grant date; 25% four years from grant date; 25% five years from grant date.
- (5) Options have a 3 year vesting schedule: 28% one year from grant date and 3% for each of the remaining 24 months. Options expire ten years from grant date.  
Options vest upon grant. Options granted on December 1, 2005 are fully vested upon grant. Shares purchased upon exercise of such
- (6) options are subject to sale restrictions until the reporting person terminates employment with the Company as follows: 28% of shares purchased may be sold on or after December 1, 2006. Thereafter, an additional 3% of shares purchased per month for the remaining 24 months may be sold. Options expire ten years from grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.