

CINCINNATI BELL INC
Form 10-Q
November 06, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the Quarterly Period Ended September 30, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____
Commission File Number 1-8519
CINCINNATI BELL INC.

Ohio
(State of Incorporation)
221 East Fourth Street, Cincinnati, Ohio 45202
(Address of principal executive offices) (Zip Code)
(513) 397-9900
(Registrant's telephone number, including area code)

31-1056105
(I.R.S. Employer Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At October 31, 2014, there were 209,237,944 common shares outstanding.

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Cincinnati Bell Inc.

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Form 10-Q Part I

Cincinnati Bell Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue				
Services	\$249.4	\$255.4	\$763.6	\$782.3
Products	78.1	55.4	206.3	166.2
Total revenue	327.5	310.8	969.9	948.5
Costs and expenses				
Cost of services, excluding items below	115.7	107.4	331.2	320.1
Cost of products sold, excluding items below	63.8	52.5	184.2	160.4
Selling, general and administrative, excluding items below	57.5	53.6	167.4	161.4
Depreciation and amortization	61.4	39.8	168.6	127.6
Transaction-related compensation	—	—	—	42.6
Restructuring charges	9.0	—	15.4	10.8
Asset impairment	7.5	—	7.5	—
Curtailment gain	—	—	—	(0.6)
(Gain) loss on sale or disposal of assets, net	—	(0.2)	(0.1)	2.6
Amortization of deferred gain	(6.4)	(0.5)	(16.5)	(1.7)
Transaction costs	3.0	0.5	3.7	1.6
Total operating costs and expenses	311.5	253.1	861.4	824.8
Operating income	16.0	57.7	108.5	123.7
Interest expense	35.8	46.7	116.8	140.0
Loss on extinguishment of debt	19.4	—	19.4	—
Loss from CyrusOne equity method investment	—	1.5	1.9	8.1
Gain on sale of CyrusOne equity method investment	—	—	(192.8)	—
Other (income) expense, net	(0.2)	(1.2)	0.5	(1.4)
(Loss) income before income taxes	(39.0)	10.7	162.7	(23.0)
Income tax (benefit) expense	(11.7)	1.4	68.8	3.6
Net (loss) income	(27.3)	9.3	93.9	(26.6)
Preferred stock dividends	2.6	2.6	7.8	7.8
Net (loss) income applicable to common shareowners	\$(29.9)	\$6.7	\$86.1	\$(34.4)
Basic and diluted (loss) earnings per common share	\$(0.14)	\$0.03	\$	