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, 2017

☐ **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	**31-1056105**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

221 East Fourth Street, Cincinnati, Ohio 45202
(Address of principal executive offices) (Zip Code)

(513) 397-9900
(Registrant's telephone number, including area code)

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2017, there were 42,185,514 common shares outstanding.

TABLE OF CONTENTS

PART I. Financial Information

Description		Page
Item 1.	Financial Statements	
	Condensed Consolidated Statements of Operations (Unaudited) Three and Nine Months Ended September 30, 2017 and 2016	1
	Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited) Three and Nine Months Ended September 30, 2017 and 2016	2
	Condensed Consolidated Balance Sheets (Unaudited) September 30, 2017 and December 31, 2016	3
	Condensed Consolidated Statements of Cash Flows (Unaudited) Nine Months Ended September 30, 2017 and 2016	4
	Notes to Condensed Consolidated Financial Statements (Unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	32
Item 4.	Controls and Procedures	32
	PART II. Other Information	
Item 1.	Legal Proceedings	33
Item 1A.	Risk Factors	33
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 3.	Default upon Senior Securities	37
Item 4.	Mine Safety Disclosure	37
Item 5.	Other Information	37
Item 6.	Exhibits	38
	Signatures	40

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue				
Services	$ 244.3	$ 246.7	$ 734.8	$ 733.1
Products	44.9	65.7	126.6	167.4
Total revenue	289.2	312.4	861.4	900.5
Costs and expenses				
Cost of services, excluding items below	129.0	127.7	381.2	375.7
Cost of products sold, excluding items below	33.6	56.1	101.6	141.6
Selling, general and administrative, excluding items below	54.5	55.5	166.6	164.9
Depreciation and amortization	47.3	46.5	140.1	134.7
Restructuring and severance related charges	—	—	29.2	—
Transaction and integration costs	12.1	—	14.4	—
Other	—	1.1	—	1.1
Total operating costs and expenses	276.5	286.9	833.1	818.0
Operating income	12.7	25.5	28.3	82.5
Interest expense	18.8	17.9	54.9	58.1
Loss on extinguishment of debt, net	—	11.4	—	14.2
Gain on sale of Investment in CyrusOne	—	(33.3)	(117.7)	(151.9)
Other expense (income), net	4.5	(0.1)	3.5	(1.2)
(Loss) income before income taxes	(10.6)	29.6	87.6	163.3
Income tax expense	0.6	10.8	36.3	59.9
Net (loss) income	(11.2)	18.8	51.3	103.4
Preferred stock dividends	2.6	2.6	7.8	7.8
Net (loss) income applicable to common shareowners	$ (13.8)	$ 16.2	$ 43.5	$ 95.6
Basic net (loss) earnings per common share	$ (0.33)	$ 0.39	$ 1.03	$ 2.28
Diluted net (loss) earnings per common share	$ (0.33)	$ 0.38	$ 1.03	$ 2.27

The accompanying notes are an integral part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net (loss) income	$ (11.2)	$ 18.8	$ 51.3	$ 103.4
Other comprehensive income (loss), net of tax:				
Unrealized gains on Investment in CyrusOne, net of tax of $4.4	—	—	8.3	—
Reclassification adjustment for gain on sale of Investment in CyrusOne included in net income, net of tax of ($41.3)	—	—	(76.4)	—
Foreign currency translation gain (loss)	0.1	—	0.1	(0.1)
Defined benefit plans:				
Amortization of prior service benefits included in net income, net of tax of ($0.4), ($1.2), ($1.2), ($3.9)	(0.8)	(2.4)	(2.2)	(7.1)
Amortization of net actuarial loss included in net income, net of tax of $1.9, $2.1, $5.9, $6.4	3.6	3.8	10.7	11.6
Total other comprehensive income (loss)	2.9	1.4	(59.5)	4.4
Total comprehensive (loss) income	$ (8.3)	$ 20.2	$ (8.2)	$ 107.8

The accompanying notes are an integral part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except share amounts)
(Unaudited)

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 43.7	$ 9.7
Receivables, less allowances of $10.3 and $9.9	170.0	178.6
Inventory, materials and supplies	19.8	22.7
Prepaid expenses	17.7	15.0
Other current assets	6.6	3.9
Total current assets	257.8	229.9
Property, plant and equipment, net	1,112.8	1,085.5
Investment in CyrusOne	—	128.0
Goodwill	18.6	14.3
Deferred income taxes, net	50.4	64.5
Other noncurrent assets	17.7	18.8
Total assets	$ 1,457.3	$ 1,541.0
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	$ 12.0	$ 7.5
Accounts payable	109.0	105.9
Unearned revenue and customer deposits	32.6	36.3
Accrued taxes	19.2	12.9
Accrued interest	13.4	12.7
Accrued payroll and benefits	35.3	25.7
Other current liabilities	31.2	31.9
Total current liabilities	252.7	232.9
Long-term debt, less current portion	1,120.8	1,199.1
Pension and postretirement benefit obligations	186.3	197.7
Other noncurrent liabilities	31.0	33.0
Total liabilities	1,590.8	1,662.7
Shareowners' deficit		
Preferred stock, 2,357,299 shares authorized, 155,250 shares (3,105,000 depositary shares) of 6 3/4% Cumulative Convertible Preferred Stock issued and outstanding at September 30, 2017 and December 31, 2016; liquidation preference $1,000 per share ($50 per depositary share)	129.4	129.4
Common shares, $.01 par value; 96,000,000 shares authorized; 42,182,031 and 42,056,237 shares issued; 42,182,031 and 42,056,237 shares outstanding at September 30, 2017 and December 31, 2016	0.4	0.4
Additional paid-in capital	2,567.3	2,570.9
Accumulated deficit	(2,680.8)	(2,732.1)
Accumulated other comprehensive loss	(149.8)	(90.3)
Total shareowners' deficit	(133.5)	(121.7)
Total liabilities and shareowners' deficit	$ 1,457.3	$ 1,541.0

The accompanying notes are an integral part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Nine Months Ended September 30,	
	2017	**2016**
Cash flows from operating activities		
Net income	$ 51.3	$ 103.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140.1	134.7
Loss on extinguishment of debt, net	—	14.2
Gain on sale of Investment in CyrusOne	(117.7)	(151.9)
Provision for loss on receivables	5.6	7.2
Noncash portion of interest expense	1.5	2.4
Deferred income taxes	35.9	59.3
Pension and other postretirement payments less than (in excess of) expense	2.1	(3.9)
Stock-based compensation	5.2	4.8
Other, net	1.1	(3.1)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in receivables	20.8	(11.0)
Increase in inventory, materials, supplies, prepaid expenses and other current assets	(1.7)	(6.0)
Increase (decrease) in accounts payable	2.4	(3.9)
Increase (decrease) in accrued and other current liabilities	11.1	(3.9)
Decrease (increase) in other noncurrent assets	1.8	(2.1)
(Decrease) increase in other noncurrent liabilities	(2.7)	1.4
Net cash provided by operating activities	156.8	141.6
Cash flows from investing activities		
Capital expenditures	(148.2)	(188.8)
Increase in restricted cash	—	(90.7)
Proceeds from sale of Investment in CyrusOne	140.7	181.2
Acquisitions of businesses	(9.6)	—
Dividends received from Investment in CyrusOne	—	6.2
Other, net	0.3	(0.8)
Net cash used in investing activities	(16.8)	(92.9)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	425.0
Net (decrease) increase in corporate credit and receivables facilities with initial maturities less than 90 days	(89.5)	5.9
Repayment of debt	(6.4)	(461.0)
Debt issuance costs	(1.3)	(8.4)
Dividends paid on preferred stock	(7.8)	(7.8)
Common stock repurchase	—	(4.8)
Other, net	(1.0)	3.5
Net cash used in financing activities	(106.0)	(47.6)
Net increase in cash and cash equivalents	34.0	1.1
Cash and cash equivalents at beginning of period	9.7	7.4
Cash and cash equivalents at end of period	$ 43.7	$ 8.5
Noncash investing and financing transactions:		
Accrual of CyrusOne dividends	$ —	$ 1.2
Acquisition of property by assuming debt and other noncurrent liabilities	$ 16.7	$ 10.9
Acquisition of property on account	$ 19.8	$ 43.0

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Description of Business and Accounting Policies

Description of Business — Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell," "we," "our," "us" or the "Company") provides diversified telecommunications and technology services. The Company generates a large portion of its revenue by serving customers in the Greater Cincinnati and Dayton, Ohio areas. An economic downturn or natural disaster occurring in this, or a portion of this, limited operating territory could have a disproportionate effect on our business, financial condition, results of operations and cash flows compared to similar companies of a national scope and similar companies operating in different geographic areas.

The Company has receivables with one large customer, General Electric Company, that makes up 14% and 21% of the outstanding accounts receivable balance at September 30, 2017 and December 31, 2016, respectively. This same customer represented 12% of consolidated revenue for the three and nine months ended September 30, 2016.

Merger and Acquisition Activity — On October 2, 2017, we consummated our previously announced acquisition of OnX Holdings LLC ("OnX"), a privately held company that provides technology services and solutions to enterprise customers in the U.S., Canada and the U.K. The acquisition of OnX, originally announced on July 10, 2017, indicated that the purchase price of $201 million was subject to customary post-closing adjustments. Based on preliminary working capital adjustments, the cash consideration exchanged for the acquisition on October 2, 2017 was $242.3 million. The final purchase price is subject to completion of post-closing adjustments. The initial accounting for the business combination was not complete at the time the financial statements were issued due to the timing of the acquisition and the filing of this Quarterly Report on Form 10-Q. As a result, disclosures required under ASC 805-10-50, Business Combinations, are not possible at this time.

On July 9, 2017, the Company and Hawaiian Telcom Holdco, Inc., a Delaware corporation (“Hawaiian Telcom”), entered into an Agreement and Plan of Merger (the "Hawaiian Telcom Merger Agreement") providing for the merger of Hawaiian Telcom with a wholly-owned subsidiary of the Company in exchange for the consideration described below. Hawaiian Telcom is a fiber-centric technology leader providing voice, video, broadband, data center and cloud solutions to consumer, business and wholesale customers on the Hawaiian islands.

At the effective time of the merger, each share of Hawaiian Telcom common stock, par value of $0.01 per share, issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive, at the holder’s election and subject to proration as set forth in the Hawaiian Telcom Merger Agreement (1) 1.6305 common shares, par value $0.01 per share, of the Company (the “Company Common Shares”) (the “Share Consideration”); (2) 0.6522 Company Common Shares and $18.45 in cash, without interest (the “Mixed Consideration”); or (3) $30.75 in cash, without interest (the “Cash Consideration”). Hawaiian Telcom stockholders who elect to receive the Share Consideration or the Cash Consideration will be subject to proration to ensure that the aggregate number of Company Common Shares to be issued by the Company in the Hawaiian Telcom Merger and the aggregate amount of cash to be paid in the Hawaiian Telcom Merger will be the same as if all electing stockholders received the Mixed Consideration.

Based on (1) the closing price of Cincinnati Bell’s common shares of $19.45 as of October 27, 2017, (2) the number of shares of Hawaiian Telcom common stock outstanding as of August 8, 2017, (3) the number of shares of Hawaiian Telcom common stock potentially issuable in respect of RSUs under Hawaiian Telcom benefit and compensation plans between August 17, 2017 and the closing date and (4) the number of shares of Hawaiian Telcom common stock potentially issuable in respect of Annual and Retention Bonuses under Hawaiian Telcom benefit and compensation plans outstanding between August 17, 2017 and the closing date (which aggregate number of shares of Hawaiian Telcom common stock in clauses (2) through (4) equals the maximum number of shares of Hawaiian Telcom common stock that could be outstanding as of the closing date), the estimated total consideration, less Hawaiian Telcom’s existing indebtedness of approximately $310 million as of June 30, 2017 to be repaid in conjunction with the merger, is approximately $380 million. The estimated total consideration expected to be transferred may not represent what the actual total consideration transferred will be when the merger is completed. The fair value of equity securities issued as part of the total consideration transferred is required to be measured on the closing date of the merger at the then current number of Hawaiian Telcom shares of common stock outstanding and RSUs that will vest between August 17, 2017 and the closing date. This requirement will likely result in equity and cash components different from what has been estimated as of September 30, 2017.

The merger is subject to standard closing conditions including the approval of Hawaiian Telcom's stockholders, the approval of the listing of additional shares of Cincinnati Bell common stock to be issued to Hawaiian Telcom’s stockholders, required federal and state regulatory approvals and other customary closing conditions. We expect the merger to close in the second half of 2018.

In connection with the mergers with Hawaiian Telcom and OnX, we secured financing for $1,150 million in senior secured credit facilities and senior notes, as described in Note 3, that, in addition to cash on hand and other sources of liquidity, are expected to be used to repay the existing indebtedness of Hawaiian Telcom, pay the cash consideration for both mergers, repay certain indebtedness of the Company and pay the fees and expenses in connection with both mergers.

Basis of Presentation — The Condensed Consolidated Financial Statements of the Company have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations, other comprehensive income, financial position and cash flows for each period presented.

The adjustments referred to above are of a normal and recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been condensed or omitted pursuant to SEC rules and regulations for interim reporting.

The Condensed Consolidated Balance Sheet as of December 31, 2016 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. These Condensed Consolidated Financial Statements should be read in conjunction with the Company’s 2016 Annual Report on Form 10-K. Operating results for the three and nine months ended September 30, 2017 are not necessarily indicative of the results expected for the full year or any other interim period.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of ASC 805, “Business Combinations,” which requires the recording of net assets of acquired businesses at fair value. In developing estimates of fair value of acquired assets and assumed liabilities, management analyzes a variety of factors including market data, estimated future cash flows of the acquired operations, industry growth rates, current replacement cost for fixed assets, and market rate assumptions for contractual obligations. Such a valuation requires management to make significant estimates and assumptions, particularly with respect to the intangible assets. In addition, contingent consideration is presented at fair value at the date of acquisition. Transaction costs are expensed as incurred.

On February 28, 2017, we acquired SunTel Services, a private company that provides network security, data connectivity, and unified communications solutions to commercial and enterprise customers across multiple sectors throughout Michigan for cash consideration of $10.0 million. Based on final fair value assessment, the acquired assets and liabilities assumed consisted primarily of property plant and equipment of $0.4 million, customer relationship intangible assets of $1.2 million, working capital of $4.1 million and goodwill of $4.3 million. These assets and liabilities are included in the IT Services and Hardware segment.

Use of Estimates — Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. In the normal course of business, the Company is subject to various regulatory and tax proceedings, lawsuits, claims and other matters. The Company believes adequate provision has been made for all such asserted and unasserted claims in accordance with U.S. GAAP. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance.

Investment in CyrusOne — As of December 31, 2016, "Investment in CyrusOne" on the Condensed Consolidated Balance Sheets was recorded at fair value, which was determined based on closing market price of CyrusOne Inc. at December 31, 2016. This investment is classified as Level 1 in the fair value hierarchy. Unrealized gains and losses on our investment in CyrusOne are included in "Accumulated other comprehensive loss", net of taxes on the Condensed Consolidated Balance Sheets.

In the first quarter of 2017, we sold our remaining 2.8 million shares of CyrusOne Inc. common stock for net proceeds totaling $140.7 million that resulted in a realized gain of $117.7 million. As of March 31, 2017, we no longer have an investment in CyrusOne Inc.

Income Taxes — The Company’s income tax provision for interim periods is determined through the use of an estimated annual effective tax rate applied to year-to-date ordinary income, as well as the tax effects associated with discrete items. The Company expects its effective rate to exceed statutory rates primarily due to non-deductible expenses.

During 2016, the Company reclassed $14.5 million of Alternative Minimum Tax ("AMT") refundable tax credits from "Deferred income taxes, net" to "Receivables" as these credits were expected to be utilized during 2017. In the nine months ended September 30, 2017, the Company reclassed an additional $10.2 million from "Deferred income taxes, net" to "Receivables." In the second quarter of 2017, the Company received $14.5 million of payments related to the 2016 AMT tax credits. Acceleration of the AMT refundable tax credits was the result of the Company's decision to make an election on its 2016 federal income tax return to claim the credits in lieu of claiming bonus depreciation. New tax legislation enacted in 2015 increased the amount of AMT credits that can be claimed beginning with the 2016 tax year. The Company plans to make the same election on its 2017 federal income tax return.

Recently Issued Accounting Standards — In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-09, Compensation - Stock Compensation, which amends the scope of modification accounting for share-based payment arrangements. The ASU is effective for public business entities for annual periods beginning after December 15, 2017. The Company plans to prospectively adopt the standard effective January 1, 2018 and will apply the amended guidance to any awards modified on or after this date.

In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Period Pension Cost and Net Periodic Postretirement Benefit Cost, which amends the requirements in Accounting Standards Codification ("ASC") 715 related to the income statement presentation of the components of net periodic benefit cost for an entity’s sponsored defined benefit pension and other postretirement plans. The ASU requires entities to disaggregate the current service cost component from the other components of net benefit cost (the “other components”) and present it with other current compensation costs for related employees in the income statement and present the other components elsewhere in the income statement and outside of income from operations if such a subtotal is presented on a retrospective basis as of the date of adoption. In addition, only the service cost component of net benefit cost is eligible for capitalization on a prospective basis. The ASU is effective for public business entities for annual periods beginning after December 15, 2017. The Company plans to adopt the standard effective January 1, 2018, and will be applied retrospectively for prior periods. The Company estimates approximately $2 million and $1 million of other components of net benefit cost will be reclassed from "Cost of Services" and "Selling, general and administrative," respectively, to a new line below Operating income, "Other components of pension and postretirement benefit plans expense," on the Consolidated Statements of Operations upon adoption.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment, which eliminates Step 2 from the goodwill impairment test. Under the amended guidance, the Company shall now recognize an impairment charge for the amount by which the carrying value exceeds the reporting unit's fair value. The new standard is effective for public entities for annual reporting periods beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company early adopted the amended guidance effective January 1, 2017 and will apply the guidance when performing the annual impairment test in the fourth quarter of 2017.

In November 2016, the FASB issued ASU 2016-16, Statement of Cash Flow - Restricted Cash, which amends ASC 230 to require that a statement of cash flows explain the change during the period in total cash, cash equivalents, and amounts described as restricted cash. As a result, amounts classified as restricted cash will now be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The Company plans to early adopt the standard effective December 31, 2017. The adoption of this standard will not result in a prior period adjustment for the twelve months ended December 31, 2016.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flow - Classification of Certain Cash Receipts and Cash Payments, which amends ASC 230 to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows. The FASB issued the ASU with the intent of reducing diversity in practice. The new standard is effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. The impact of adopting this standard effective January 1, 2018 is not expected to have a material affect on the Company’s consolidated statement of cash flows.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation, which simplifies various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance requires excess tax benefits and tax deficiencies to be recorded in the income statement when the awards vest or are settled. In addition, cash flows related to excess tax benefits will no longer be separately classified as a financing activity apart from other income tax cash flows. The standard also allows us to repurchase more of an employee's shares for tax withholding purposes without triggering liability accounting, clarifies that all cash payments made on an employee's behalf for withheld shares should be presented as a financing activity on our cash flows statement, and provides an accounting policy election to account for forfeitures as they occur. The new standard was adopted effective January 1, 2017.

The primary impact of adoption is the recognition of excess tax benefits in our provision for income taxes rather than paid-in capital starting in the first quarter of fiscal year 2017. Additional amendments to the accounting for income taxes and minimum statutory withholding tax requirements had no impact to retained earnings as of the date of adoption. Effective January 1, 2017, we adopted a prospective company-wide policy change due to the change in accounting principle and now record forfeitures as they are incurred on a go-forward basis. As a result of the change in accounting principle, the cumulative-effect adjustment to retained earnings to account for the accounting policy election was immaterial to the financial statements.

The presentation requirements for cash flows related to excess tax benefits were applied retrospectively to all periods presented and did not result in a material impact to prior period net cash provided by operations and net cash used in financing. The presentation requirements for cash flows related to employee taxes paid for withheld shares had no impact to any of the periods presented in our consolidated cash flows statements since such cash flows have historically been presented as a financing activity.

In February 2016, the FASB issued ASU 2016-02, Leases, which represents a wholesale change to lease accounting. The standard introduces a lessee model that brings most leases on the balance sheet as well as aligns certain underlying principles of the new lessor model with those in ASC 606. The new standard is effective for public entities for fiscal years beginning after December 15, 2018, and lessees and lessors are required to use a modified retrospective transition method for existing leases. The Company is in the process of evaluating the impact of adoption of this ASU on the Company's consolidated financial statements.

The FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments in January 2016. The amended guidance requires entities to carry all investments in equity securities at fair value through net income unless the entity has elected the practicability exception to fair value measurement. This standard will be effective for the fiscal year ending December 31, 2018 and will require a cumulative-effect adjustment to beginning retained earnings on this date. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. In August 2015, ASU 2015-14 was issued deferring the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017 with an optional early application date for annual reporting periods beginning after December 15, 2016. The Company will adopt the standard and all subsequent amendments in the first quarter of the fiscal year ending December 31, 2018.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). We currently anticipate adopting the standard using the full retrospective method to restate each prior reporting period presented. Our ability to adopt using the full retrospective method is dependent on the successful and timely implementation of a revenue software application procured from a third-party provider, as well as the completion of our analysis of information necessary to restate prior period financial statements.

We have reached conclusions on our key accounting assessments related to the standard and are finalizing our accounting policies. Based on our initial assessment, we believe the timing of revenue recognition for our Entertainment and Communications segment, and certain revenue streams within our IT Services and Hardware segment, will not materially change. However, we are continuing to assess the potential impact of the standard on the treatment of Telecom and IT hardware revenue and our current practice of recording hardware revenue on a gross basis versus net. As a part of this assessment, we are analyzing ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, issued by the FASB in March 2016. ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations focusing on a control model rather than a risk and reward model. This guidance could materially change revenue and cost of products. In addition, we are still finalizing our accounting policies related to variable consideration, rebates and certain contract assets and liabilities. We are still assessing the full impact of disclosure requirements; however, upon adopting FASB ASC Topic 606, we will provide additional disclosures in the notes to the consolidated financial statements related to disaggregated revenue, contract balances and performance obligations.

In preparation for adoption of the standard, we have implemented internal controls, new system functionality and revised business processes to prepare financial information in accordance with the standard. These new processes and procedures ensure data utilized for financial reporting is complete and accurate and is assessed in accordance with the guidelines of the standard. We are assessing new internal controls to address risks associated with applying the five-step model, as well as monitoring controls to identify new sales arrangements or changes in our business environment that will affect our current accounting assessment.

No other new accounting pronouncement issued or effective during the year had, or is expected to have, a material impact on the consolidated financial statements.

2. Earnings Per Common Share

Basic earnings per common share (“EPS”) is based upon the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that would occur upon the issuance of common shares for awards under stock-based compensation plans, the exercise of warrants or the conversion of preferred stock, but only to the extent that they are considered dilutive.

The following table shows the computation of basic and diluted EPS:

	Three Months Ended September 30,	
(in millions, except per share amounts)	2017	2016
Numerator:		
Net (loss) income	$ (11.2)	$ 18.8
Preferred stock dividends	2.6	2.6
Net (loss) income applicable to common shareowners - basic and diluted	$ (13.8)	$ 16.2
Denominator:		
Weighted average common shares outstanding - basic	42.2	42.0
Stock-based compensation arrangements	—	0.1
Weighted average common shares outstanding - diluted	42.2	42.1
Basic (loss) earnings per common share	$ (0.33)	$ 0.39
Diluted (loss) earnings per common share	$ (0.33)	$ 0.38

	Nine Months Ended September 30,	
(in millions, except per share amounts)	2017	2016
Numerator:		
Net income	$ 51.3	$ 103.4
Preferred stock dividends	7.8	7.8
Net income applicable to common shareowners - basic and diluted	$ 43.5	$ 95.6
Denominator:		
Weighted average common shares outstanding - basic	42.1	42.0
Stock-based compensation arrangements	0.2	0.1
Weighted average common shares outstanding - diluted	42.3	42.1
Basic earnings per common share	$ 1.03	$ 2.28
Diluted earnings per common share	$ 1.03	$ 2.27

For the three months ended September 30, 2017, the Company had a net loss available to common shareholders and, as a result, all common stock equivalents were excluded from the computation of diluted EPS as their inclusion would have been anti-dilutive. For the nine months ended September 30, 2017, awards under the Company's stock-based compensation plans for common shares of 0.2 million were excluded from the computation of diluted EPS as the inclusion would have been anti-dilutive. For the three and nine months ended September 30, 2016, awards under the Company's stock-based compensation plans for common shares of 0.2 million and 0.4 million, respectively, were excluded from the computation of diluted EPS as the inclusion would have been anti-dilutive. For all periods presented, preferred stock convertible into 0.9 million common shares was excluded as it was anti-dilutive.

3. Debt

The Company's debt consists of the following:

(dollars in millions)	September 30, 2017	December 31, 2016
Current portion of long-term debt:		
Capital lease obligations and other debt	$ 12.0	$ 7.5
Current portion of long-term debt	12.0	7.5
Long-term debt, less current portion:		
Receivables Facility	—	89.5
Corporate Credit Agreement - Tranche B Term Loan	315.8	315.8
7 1/4% Senior Notes due 2023	22.3	22.3
7% Senior Notes due 2024	625.0	625.0
Cincinnati Bell Telephone Notes	87.9	87.9
Capital lease obligations and other debt	72.4	62.0
	1,123.4	1,202.5
Net unamortized premium	8.0	8.5
Unamortized note issuance costs	(10.6)	(11.9)
Long-term debt, less current portion	1,120.8	1,199.1
Total debt	$ 1,132.8	$ 1,206.6

Corporate Credit Agreement

There were no outstanding borrowings on the Corporate Credit Agreement's revolving credit facility, leaving $150.0 million available for borrowings as of September 30, 2017. On October 2, 2017, the Company entered into a new Credit Agreement (the "Credit Agreement") and Revolving Credit Facility that terminated the existing Corporate Credit Agreement.

New Revolving Credit Facility and Term Loan Facility (Credit Agreement)

In October 2017, the Company entered into a new Credit Agreement. The Credit Agreement provides for (i) a five-year $200 million senior secured revolving credit facility (including both a letter of credit subfacility of up to $30 million and a swingline loan subfacility of up to $25 million) (the "Revolving Credit Facility") and (ii) a seven-year $600 million senior secured term loan facility (the "Term Loan Facility" and, together with the Revolving Credit Facility, the "Credit Facilities"). The Revolving Credit Facility expires in October 2022 and the Term Loan Facility expires in October 2024.

Borrowings under the Credit Facilities will bear interest, at the Company's option, at a rate per annum determined by reference to either the London Interbank Offered Rate ("LIBOR") or an adjusted base rate, in each case plus an applicable margin. In the case of the Term Loan Facility, the adjusted base rate and LIBOR will not, in any event, be less than 2.00% and 1.00%, respectively. The applicable margin for the Credit Facilities with respect to LIBOR borrowings will be 3.75% and, with respect to adjusted base rate borrowings, will be 2.75%. In addition, the Company will be required to pay a commitment fee on any unused portion of the Revolving Credit Facility at a rate of 0.50% per annum.

On October 2, 2017, the Term Loan Facility net proceeds of $577.0 million, after fees, expenses and note discount, were used to repay the remaining $315.8 million outstanding principal amount of its Tranche B Term Loan and accrued and unpaid interest. As a result, a loss on extinguishment of debt will be recorded in the fourth quarter of approximately $3 million. The remaining proceeds of the Term Loan Facility were used to fund the purchase price and associated transaction costs of the acquisition of OnX that closed on October 2, 2017.

As a result of the Company entering into the Credit Agreement in October 2017, certain previously deferred costs associated with the Corporate Credit Agreement's revolving credit facility will be written off in the fourth quarter. The loss on extinguishment of debt associated with the transaction is expected to be less than $1 million.

Accounts Receivable Securitization Facility

As of September 30, 2017, the Company had no borrowings and $6.3 million of letters of credit outstanding under the accounts receivable securitization facility ("Receivables Facility"), leaving $96.4 million remaining availability on the total borrowing capacity of $102.7 million. In the second quarter of 2017, the Company executed an amendment of its Receivables Facility, which replaced, amended and added certain provisions and definitions to increase the credit availability and renew the facility, which is subject to renewal every 364 days, until May 2018. The facility's termination date is in May 2019 and was not changed by this amendment. In the event the Receivables Facility is not renewed, the Company has the ability to refinance any outstanding borrowings with borrowings under the Corporate Credit Agreement. Under the terms of the Receivables Facility, the Company could obtain up to $120.0 million depending on the quantity and quality of accounts receivable. Under this agreement, certain subsidiaries, or originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC (“CBF”). Although CBF is a wholly-owned consolidated subsidiary of the Company, CBF is legally separate from the Company and each of the Company’s other subsidiaries. Upon and after the sale or contribution of the accounts receivable to CBF, such accounts receivable are legally assets of CBF and, as such, are not available to creditors of the Company's other subsidiaries or the Company.

New 8% Senior Notes due 2025

In October 2017, CB Escrow Corp. (the “Issuer”), an Ohio corporation and wholly owned subsidiary of Cincinnati Bell Inc., closed the private offering of $350 million aggregate principal amount of 8% senior notes due 2025 (the “8% Senior Notes”) at par. The 8% Senior Notes were issued pursuant to an indenture, dated as of October 6, 2017 (the “Indenture”), between the Issuer and Regions Bank, as trustee.

Concurrently with the closing of the offering, the Issuer entered into an escrow agreement (the “Escrow Agreement”) pursuant to which the initial purchasers of the 8% Senior Notes on behalf (and at the direction) of the Issuer, deposited the gross proceeds of the offering into an escrow account. The Issuer deposited into the escrow account an additional amount of cash that will be sufficient to pay all interest that would accrue on the Notes up to, but not including, October 9, 2018.

The offering of the 8% Senior Notes is part of the financing of the cash portion of the merger consideration for the previously announced acquisition of Hawaiian Telcom Holdco, Inc. (“Hawaiian Telcom”) by the Company (the “HCOM Acquisition”). At the closing of the HCOM Acquisition, the Issuer will merge with and into the Company (the “Escrow Merger”), with the Company continuing as the surviving corporation. At the time of the Escrow Merger, the Company will assume the obligations of the Issuer under the 8% Senior Notes and the Indenture (the “Assumption”) and, subject to the satisfaction of certain other conditions, the proceeds from the offering will be released from the escrow account to the Company. In the event that the HCOM Acquisition has not occurred on or prior to January 9, 2019, the Issuer has notified the escrow agent that the HCOM Acquisition will not be consummated, the Agreement and Plan of Merger, dated as of July 9, 2017, among Hawaiian Telcom, the Company and Twin Acquisition Corp. has been terminated or the Issuer fails, after receiving written notice from the escrow agent of the Issuer’s failure to timely deposit cash into the escrow account equal to 30 days of interest that would accrue on the 8% Senior Notes to deposit such amount of cash within five business days after receipt of such notice, the Issuer will be required to redeem all of the 8% Senior Notes at a redemption price equal to 100% of the initial issue price, plus accrued and unpaid interest to, but excluding, the redemption date.

The 8% Senior Notes will bear interest at a rate of 8.000% per annum, payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2018, to persons who are registered holders of the 8% Senior Notes on the immediately preceding April 1 and October 1, respectively. The 8% Senior Notes will mature on October 15, 2025.

4. Restructuring and Severance

Liabilities have been established for employee separations and lease abandonment. A summary of activity in the restructuring and severance liability is shown below:

(dollars in millions)	Employee Separation	Lease Abandonment	Total
Balance as of December 31, 2016	$ 11.0	$ 0.2	$ 11.2
Charges	25.6	—	25.6
Utilizations	(12.7)	—	(12.7)
Balance as of March 31, 2017	23.9	0.2	24.1
Charges	3.6	—	3.6
Utilizations	(4.4)	—	(4.4)
Balance as of June 30, 2017	23.1	0.2	23.3
Charges	—	—	—
Utilizations	(9.8)	(0.1)	(9.9)
Balance as of September 30, 2017	$ 13.3	$ 0.1	$ 13.4

The Company had no severance charges in the third quarter of 2017. In the second quarter of 2017, the Company initiated reorganizations within both segments of the business in order to more appropriately align the Company for future growth. As a result, head count reductions were made resulting in a $3.6 million severance charge. In the first quarter of 2017, the Company finalized a voluntary severance program for certain bargained employees related to an initiative to reduce field and network costs within our legacy copper network. As a result, a severance charge of $25.6 million was recorded to the Entertainment and Communications segment. The Company made severance payments during the nine months ended September 30, 2017 for employee separations associated with the previously discussed initiatives.

Lease abandonment costs represent future minimum lease obligations, net of expected sublease income, for abandoned facilities. Lease payments on abandoned facilities will continue through 2019.

A summary of restructuring activity by business segment is presented below:

(dollars in millions)	Entertainment and Communications	IT Services and Hardware	Corporate	Total
Balance as of December 31, 2016	$ 7.5	$ 3.0	$ 0.7	$ 11.2
Charges	25.6	—	—	25.6
Utilizations	(9.8)	(2.3)	(0.6)	(12.7)
Balance as of March 31, 2017	23.3	0.7	0.1	24.1
Charges	1.3	2.3	—	3.6
Utilizations	(3.6)	(0.8)	—	(4.4)
Balance as of June 30, 2017	21.0	2.2	0.1	23.3
Charges	—	—	—	—
Utilizations	(8.1)	(1.7)	(0.1)	(9.9)
Balance as of September 30, 2017	$ 12.9	$ 0.5	$ —	$ 13.4

At September 30, 2017 and December 31, 2016, $4.7 million and $7.4 million, respectively, of the restructuring and severance liabilities were included in “Other current liabilities.” At September 30, 2017 and December 31, 2016, $8.7 million and $3.8 million was included in "Other noncurrent liabilities," respectively.

5. Financial Instruments and Fair Value Measurements

The carrying values of the Company's financial instruments approximate the estimated fair values as of September 30, 2017 and December 31, 2016, except for the Company's long-term debt. The carrying and fair values of these financial instruments are as follows:

	September 30, 2017		December 31, 2016	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion*	$ 1,059.1	$ 1,041.0	$ 1,149.2	$ 1,177.9

*Excludes capital leases and note issuance costs.

The fair value of our long-term debt was based on closing or estimated market prices of the Company’s debt at September 30, 2017 and December 31, 2016, which is considered Level 2 of the fair value hierarchy.

Non-Recurring Fair Value Measurements

Certain long-lived assets are required to be measured at fair value on a non-recurring basis subsequent to their initial measurement. These non-recurring fair value measurements generally occur when evidence of impairment has occurred. In the third quarter of 2017 an equity method investment recorded within “Other noncurrent assets” in the Consolidated Balance Sheets was remeasured at fair value due to a triggering event identified by management. As a result of the fair value analysis, the entire carrying value of $4.7 million was impaired and recorded to "Other expense (income), net" on the Consolidated Statements of Operations. This fair value measurement is considered a Level 3 measurement due to the significance of its unobservable inputs.

6. Pension and Postretirement Plans

The Company sponsors three noncontributory defined benefit plans and a postretirement health and life insurance plan. For the three and nine months ended September 30, 2017, approximately 13% of the costs were capitalized as a component of property, plant and equipment related to construction of our copper and fiber networks. For the three and nine months ended September 30, 2016, approximately 10% of the costs were capitalized as a component of property, plant and equipment related to construction of our copper and fiber networks.

For the three and nine months ended September 30, 2017 and 2016, pension and postretirement benefit costs were as follows:

	Three Months Ended September 30,			
	2017	2016	2017	2016
(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
Service cost	$ —	$ —	$ 0.1	$ 0.1
Interest cost on projected benefit obligation	4.9	4.9	0.8	0.8
Expected return on plan assets	(6.5)	(6.9)	—	—
Amortization of:				
Prior service cost (benefit)	—	0.1	(1.2)	(3.7)
Actuarial loss	4.3	4.7	1.2	1.2
Total amortization	4.3	4.8	—	(2.5)
Pension / postretirement costs (benefits)	$ 2.7	$ 2.8	$ 0.9	$ (1.6)

	Nine Months Ended September 30,			
	2017	2016	2017	2016
(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
Service cost	$ —	$ —	$ 0.2	$ 0.2
Interest cost on projected benefit obligation	14.6	14.5	2.4	2.5
Expected return on plan assets	(19.5)	(20.5)	—	—
Amortization of:				
Prior service cost (benefit)	—	0.1	(3.4)	(11.1)
Actuarial loss	13.1	14.3	3.5	3.7
Total amortization	13.1	14.4	0.1	(7.4)
Pension / postretirement costs (benefits)	$ 8.2	$ 8.4	$ 2.7	$ (4.7)

Amortizations of prior service cost (benefit) and actuarial loss represent reclassifications from accumulated other comprehensive income.

Based on current assumptions, contributions to qualified and non-qualified pension plans in 2017 are expected to be approximately $2 million each. Management expects to make cash payments of approximately $9 million related to its postretirement health plans in 2017.

For the nine months ended September 30, 2017, contributions to the pension plans were $3.3 million and contributions to the postretirement plan were $5.5 million.

7. Shareowners' Deficit

Accumulated Other Comprehensive Loss

For the nine months ended September 30, 2017, the changes in accumulated other comprehensive loss by component were as follows:

(dollars in millions)	Unrecognized Net Periodic Pension and Postretirement Benefit Cost		Unrealized gain on Investment in CyrusOne		Foreign Currency Translation Loss	Total
Balance as of December 31, 2016	$ (157.6)		$ 68.1		$ (0.8)	$ (90.3)
Unrealized gain on Investment in CyrusOne, net	—		8.3	(a)	—	8.3
Reclassifications, net	8.5	(b)	(76.4)	(c)	—	(67.9)
Foreign currency gain	$ —		$ —		$ 0.1	$ 0.1
Balance as of September 30, 2017	$ (149.1)		$ —		$ (0.7)	$ (149.8)

(a) The unrealized gain on Investment in CyrusOne, net of tax, represents changes in the fair value of CyrusOne shares of common stock owned by the Company during the period, before any subsequent sales of those shares.

(b) These reclassifications are included in the components of net periodic pension and postretirement benefit costs (see Note 6 for additional details). The components of net periodic pension and postretirement benefit cost are reported within "Cost of services," "Cost of products sold," and "Selling, general and administrative" expenses on the Condensed Consolidated Statements of Operations.

(c) These reclassifications are reported within "Gain on sale of Investment in CyrusOne" on the Condensed Consolidated Statements of Operations.

8. Business Segment Information

The Company's segments are strategic business units that offer distinct products and services and are aligned with its internal management structure and reporting. The Entertainment and Communications segment provides products and services such as data transport, high-speed internet, video, local voice, long distance, voice over internet protocol ("VoIP") and other services. The IT Services and Hardware segment provides a range of fully managed and outsourced IT and telecommunications services along with the sale, installation and maintenance of major branded Telecom and IT hardware.

Certain corporate administrative expenses have been allocated to the segments based upon the nature of the expense and the relative size of the segment. Intercompany transactions between segments have been eliminated.

Selected financial data for the Company's business segment information is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in millions)	2017	2016	2017	2016
Revenue				
Entertainment and Communications	$ 196.2	$ 193.0	$ 592.9	$ 575.8
IT Services and Hardware	96.3	122.9	278.5	335.2
Intersegment	(3.3)	(3.5)	(10.0)	(10.5)
Total revenue	$ 289.2	$ 312.4	$ 861.4	$ 900.5
Intersegment revenue				
Entertainment and Communications	$ 0.4	$ 0.4	$ 1.3	$ 1.0
IT Services and Hardware	2.9	3.1	8.7	9.5
Total intersegment revenue	$ 3.3	$ 3.5	$ 10.0	$ 10.5
Operating income				
Entertainment and Communications	$ 25.0	$ 21.1	$ 49.8	$ 76.0
IT Services and Hardware	4.8	7.8	7.9	21.9
Corporate	(17.1)	(3.4)	(29.4)	(15.4)
Total operating income	$ 12.7	$ 25.5	$ 28.3	$ 82.5
Expenditures for long-lived assets				
Entertainment and Communications	$ 41.4	$ 63.1	$ 138.9	$ 178.7
IT Services and Hardware	1.6	4.1	18.9	9.9
Corporate	—	—	—	0.2
Total expenditures for long-lived assets	$ 43.0	$ 67.2	$ 157.8	$ 188.8
Depreciation and amortization				
Entertainment and Communications	$ 43.9	$ 43.0	$ 129.1	$ 124.8
IT Services and Hardware	3.4	3.4	10.9	9.8
Corporate	—	0.1	0.1	0.1
Total depreciation and amortization	$ 47.3	$ 46.5	$ 140.1	$ 134.7

	September 30, 2017	December 31, 2016
Assets		
Entertainment and Communications	$ 1,114.7	$ 1,093.5
IT Services and Hardware	85.9	60.0
Corporate and eliminations	256.7	387.5
Total assets	$ 1,457.3	$ 1,541.0

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein contain forward-looking statements regarding future events and results that are subject to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “predicts,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” or variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of future financial performance, anticipated growth and trends in businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned these forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause actual results to differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q and, in particular, the risks discussed under the caption “Risk Factors” in Part II, Item 1A, and those discussed in other documents the Company filed with the Securities and Exchange Commission (“SEC”). Actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

Introduction

This Management’s Discussion and Analysis section provides an overview of Cincinnati Bell Inc.'s financial condition as of September 30, 2017, and the results of operations for the three and nine months ended September 30, 2017 and 2016. This discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and accompanying notes, as well as the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. Results for interim periods may not be indicative of results for the full year or any other interim period.

Executive Summary

Segment results described in the Executive Summary and Consolidated Results of Operations sections are net of intercompany eliminations.

Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell," "we," "our," "us" or the "Company") provides integrated communications and IT solutions that keep residential and business customers connected with each other and with the world. Through its Entertainment and Communications segment, the Company provides high speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. In addition, business customers across the United States rely on Cincinnati Bell Technology Solutions Inc. ("CBTS"), a wholly-owned subsidiary, reported as the IT Services and Hardware segment, for the sale and service of efficient, end-to-end communications and IT systems and solutions.

Consolidated revenue totaling $289.2 million and $861.4 million for the three and nine months ended September 30, 2017, respectively, decreased compared to the prior year comparable periods primarily due to the IT Services and Hardware segment. The decline in IT Services and Hardware segment is a result of Telecom and IT hardware revenue decreasing $21.4 million and $41.0 million for the three and nine months ended September 30, 2017, respectively, as well as declining service revenue as one of our significant customers pursued cost out initiatives by in-sourcing IT professionals. For the three and nine months ended September 30, 2017, revenue from our strategic products totaled $167.9 million and $504.0 million, respectively, up 3% and 7% from the prior year comparable periods. Declining legacy revenue in addition to the aforementioned changes in the IT Services and Hardware segment offset the increases in our strategic revenue.

Operating income was $12.7 million and $28.3 million for the three and nine months ended September 30, 2017, respectively, down from the prior year comparable periods. Transaction and integration costs associated with merger and acquisition activity incurred for the three and nine months ended September 30, 2017 contributed to the decline in operating income from the prior year. In addition to transaction costs, operating income for the nine months ended September 30, 2017 was down due to restructuring and severance related charges. Restructuring and severance charges were incurred for reorganizations done to appropriately align the Company for future growth, adjust to the cost out initiatives pursued by one of our significant customers, and reduce field and network costs associated with our legacy copper network. Net loss totaled $11.2 million and net income totaled $51.3 million for the three and nine months ended September 30, 2017, respectively, including the $117.7 million gain recognized on the sale of 2.8 million CyrusOne Inc. common shares in the first quarter of 2017.

Consolidated Results of Operations

Revenue

	Three months ended September 30,				Nine months ended September 30,			
(dollars in millions)	2017	2016	$ Change	% Change	2017	2016	$ Change	% Change
Service revenue								
Entertainment and Communications	$ 195.0	$ 192.4	$ 2.6	1 %	$ 589.2	$ 572.6	$ 16.6	3 %
IT Services and Hardware	49.3	54.3	(5.0)	(9)%	145.6	160.5	(14.9)	(9)%
Total service revenue	$ 244.3	$ 246.7	$ (2.4)	(1)%	$ 734.8	$ 733.1	$ 1.7	— %

Entertainment and Communications revenue increased as the growth in Fioptics and other strategic services offset legacy declines. Fioptics revenue totaled $79.1 million for the three months ended September 30, 2017 and $229.7 million for the nine months then ended, up 21% and 24% from prior year comparable periods, respectively. IT Services and Hardware revenue declined primarily due to decreases in billable headcount as one of our significant customers pursued cost out initiatives by in-sourcing IT professionals.

	Three months ended September 30,				Nine months ended September 30,			
(dollars in millions)	2017	2016	$ Change	% Change	2017	2016	$ Change	% Change
Product revenue								
Entertainment and Communications	$ 0.8	$ 0.2	$ 0.6	n/m	$ 2.4	$ 2.2	$ 0.2	9 %
IT Services and Hardware	44.1	65.5	(21.4)	(33)%	124.2	165.2	(41.0)	(25)%
Total product revenue	$ 44.9	$ 65.7	$ (20.8)	(32)%	$ 126.6	$ 167.4	$ (40.8)	(24)%

Product revenue is primarily driven by the volume of Telecom and IT hardware sales reflecting capital spending fluctuations by our enterprise customers in our IT Services and Hardware segment.

Operating Costs

	Three months ended September 30,				Nine months ended September 30,			
(dollars in millions)	2017	2016	$ Change	% Change	2017	2016	$ Change	% Change
Cost of services								
Entertainment and Communications	$ 90.1	$ 87.1	$ 3.0	3 %	$ 272.5	$ 256.0	$ 16.5	6 %
IT Services and Hardware	38.9	40.6	(1.7)	(4)%	108.7	119.7	(11.0)	(9)%
Total cost of services	$ 129.0	$ 127.7	$ 1.3	1 %	$ 381.2	$ 375.7	$ 5.5	1 %

Entertainment and Communications costs increased primarily due to programming costs associated with our growing Fioptics video subscriber base and rising programming rates. Costs associated with the new business product, Hosted Communications Solution, also contributed to the increasing cost of services for Entertainment and Communications. IT Services and Hardware costs declined due to fewer billable resources because of the professional services revenue decline.

	Three months ended September 30,				Nine months ended September 30,			
(dollars in millions)	2017	2016	$ Change	% Change	2017	2016	$ Change	% Change
Cost of products								
Entertainment and Communications	$ 0.3	$ 0.7	$ (0.4)	(57)%	$ 1.3	$ 1.6	$ (0.3)	(19)%
IT Services and Hardware	33.3	55.4	(22.1)	(40)%	100.3	140.0	(39.7)	(28)%
Total cost of products	$ 33.6	$ 56.1	$ (22.5)	(40)%	$ 101.6	$ 141.6	$ (40.0)	(28)%

Cost of products are primarily impacted by changes in Telecom and IT hardware sales.

(dollars in millions)	Three months ended September 30, 2017	2016	$ Change	% Change	Nine months ended September 30, 2017	2016	$ Change	% Change
Selling, general, and administrative								
Entertainment and Communications	$ 33.8	$ 37.1	$ (3.3)	(9)%	$ 104.5	$ 107.1	$ (2.6)	(2)%
IT Services and Hardware	15.7	15.1	0.6	4 %	47.6	42.5	5.1	12 %
Corporate	5.0	3.3	1.7	52 %	14.5	15.3	(0.8)	(5)%
Total selling, general and administrative	$ 54.5	$ 55.5	$ (1.0)	(2)%	$ 166.6	$ 164.9	$ 1.7	1 %

Entertainment and Communications SG&A expenses were down due to lower payroll related to reduced headcount in addition to reductions in bad debt, reflecting changes to our credit policies. IT Services and Hardware SG&A costs were up due to additional headcount at branch office locations to support the expansion of our national footprint. Corporate SG&A for the three months ended September 30, 2017 increased primarily due to higher payroll related charges. Corporate SG&A decreased for the nine months ended September 30, 2017 as compared to the prior year driven largely by additional stock-based compensation expense recorded in 2016 as a result of changes in our stock price.

(dollars in millions)	Three months ended September 30, 2017	2016	$ Change	% Change	Nine months ended September 30, 2017	2016	$ Change	% Change
Depreciation and amortization expense								
Entertainment and Communications	$ 43.9	$ 43.0	$ 0.9	2%	$ 129.1	$ 124.8	$ 4.3	3%
IT Services and Hardware	3.4	3.4	—	—%	10.9	9.8	1.1	11%
Corporate	—	0.1	(0.1)	n/m	0.1	0.1	—	—%
Total depreciation and amortization expense	$ 47.3	$ 46.5	$ 0.8	2%	$ 140.1	$ 134.7	$ 5.4	4%

The increase in depreciation and amortization expense is primarily due to an increase in Entertainment and Communications depreciation as a result of expanding our fiber-based network.

(dollars in millions)	Three months ended September 30, 2017	2016	$ Change	% Change	Nine months ended September 30, 2017	2016	$ Change	% Change
Other operating costs								
Transaction and integration costs	$ 12.1	$ —	$ 12.1	n/m	$ 14.4	$ —	$ 14.4	n/m
Restructuring and severance related charges	$ —	$ —	$ —	n/m	$ 29.2	$ —	$ 29.2	n/m
Loss on sale or disposal of assets, net	—	1.1	(1.1)	n/m	—	1.1	(1.1)	n/m

Restructuring and severance related charges incurred by both segments in the first nine months of 2017 relate to company initiated reorganizations of the business in order to more appropriately align the Company for future growth. Additionally, restructuring and severance related charges incurred by the Entertainment and Communications segment during the first nine months of 2017 were related to a voluntary severance program for certain bargained employees to reduce field and network costs associated with our legacy copper network. Transaction and integration costs incurred in the third quarter, recorded in the Corporate segment, are due to the acquisition of OnX Holdings that closed on October 2, 2017, and the pending merger agreement with Hawaiian Telcom. Transaction and integrations costs incurred for the nine months ended September 30, 2017 relate to the acquisition of OnX, the pending merger with Hawaiian Telcom, and the acquisition of SunTel Services in the first quarter of 2017. The merger with Hawaiian Telcom is expected to close in the second half of 2018.

(dollars in millions)	Three months ended September 30, 2017	2016	$ Change	% Change	Nine months ended September 30, 2017	2016	$ Change	% Change
Non-operating costs								
Interest expense	$ 18.8	$ 17.9	$ 0.9	5%	$ 54.9	$ 58.1	$ (3.2)	(6)%
Loss on extinguishment of debt, net	—	11.4	(11.4)	n/m	—	14.2	(14.2)	n/m
Gain on sale of CyrusOne investment	—	(33.3)	33.3	n/m	(117.7)	(151.9)	34.2	(23)%
Other expense (income), net	4.5	(0.1)	4.6	n/m	3.5	(1.2)	4.7	n/m
Income tax expense	0.6	10.8	(10.2)	n/m	36.3	59.9	(23.6)	(39)%

Interest expense for the three months ended September 30, 2017 increased due to a full quarter of interest expense related to the 7% Senior Notes that were issued in the third quarter of 2016. This was partially offset by lower interest as a result of paying off the 8 $^{3}/_{8}$ % Senior Notes due 2020 with the proceeds of the 7% Senior Notes. Interest expense decreased year to date due to the Company primarily using proceeds from the sale of a portion of its CyrusOne investment to repay debt in 2016.

The Company recognized a realized gain of $117.7 million on the sale of 2.8 million shares of CyrusOne, Inc. common stock in the first quarter of 2017. In the third quarter of 2016, the Company recognized a realized gain of $33.3 million on the sale of 0.8 million shares of Cyrus One Inc. common stock. In the second quarter of 2016, the Company recognized a realized gain of $118.6 million on the sale of 3.1 million shares of CyrusOne Inc. common stock.

Other expense is primarily due to an impairment charge recorded in the three months ended September 30, 2017 related to an equity method investment.

Income tax expense decreased year over year primarily due to lower income before tax. Transaction and integration costs of $12.1 million, non-deductible for income tax purposes, resulted in income tax expense for the three months ended September 30, 2017. In the fourth quarter, as a result of the OnX Holdings acquisition, the Company anticipates a partial release of the valuation allowances against Texas margin credits and state, local and foreign net operating losses. The Company expects to use federal and state net operating loss carryforwards to substantially defray payment of federal and state tax liabilities in 2017.

Entertainment and Communications

The Entertainment and Communications segment provides products and services such as data transport, high-speed internet, video, local voice, long distance, VoIP and other services. Cincinnati Bell Telephone Company LLC ("CBT"), a subsidiary of the Company, is the incumbent local exchange carrier ("ILEC") for a geography that covers a radius of approximately 25 miles around Cincinnati, Ohio, and includes parts of northern Kentucky and southeastern Indiana. CBT has operated in this territory for over 140 years. Voice and data services beyond its ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a competitive local exchange carrier ("CLEC") and subsidiary of CBT. The Company provides long distance and VoIP services primarily through CBTS Technology Solutions LLC which was formerly known as Cincinnati Bell Any Distance Inc.

Entertainment and Communications, continued

(dollars in millions)	Three Months Ended September 30, 2017	2016	Change	% Change	Nine Months Ended September 30, 2017	2016	Change	% Change
Revenue:								
Data	$ 88.0	$ 86.4	$ 1.6	2 %	$ 263.3	$ 258.4	$ 4.9	2 %
Voice	66.7	68.7	(2.0)	(3)%	201.5	208.0	(6.5)	(3)%
Video	37.8	32.2	5.6	17 %	111.0	92.1	18.9	21 %
Services and Other	3.7	5.7	(2.0)	(35)%	17.1	17.3	(0.2)	(1)%
Total revenue	196.2	193.0	3.2	2 %	592.9	575.8	17.1	3 %
Operating costs and expenses:								
Cost of services and products	93.5	91.0	2.5	3 %	282.6	267.1	15.5	6 %
Selling, general and administrative	33.8	37.1	(3.3)	(9)%	104.5	107.1	(2.6)	(2)%
Depreciation and amortization	43.9	43.0	0.9	2 %	129.1	124.8	4.3	3 %
Restructuring and severance charges	—	0.8	(0.8)	n/m	26.9	0.8	26.1	n/m
Total operating costs and expenses	171.2	171.9	(0.7)	— %	543.1	499.8	43.3	9 %
Operating income	$ 25.0	$ 21.1	$ 3.9	18 %	$ 49.8	$ 76.0	$ (26.2)	(34)%
Operating margin	12.7%	10.9%		1.8 pts	8.4%	13.2%		(4.8) pts
Capital expenditures	$ 41.4	$ 63.1	$ (21.7)	(34)%	$ 138.9	$ 178.7	$ (39.8)	(22)%
Metrics information (in thousands):								
Fioptics units passed	564.7	509.5	55.2	11 %				
Internet subscribers:								
DSL	86.7	114.2	(27.5)	(24)%				
Fioptics	221.2	185.6	35.6	19 %				
Total internet subscribers	307.9	299.8	8.1	3 %				
Fioptics video subscribers	143.5	133.4	10.1	8 %				
Residential voice lines:								
Legacy voice lines	99.5	124.6	(25.1)	(20)%				
Fioptics voice lines	88.1	80.3	7.8	10 %				
Total residential voice lines	187.6	204.9	(17.3)	(8)%				
Business voice lines								
Legacy voice lines	172.1	197.7	(25.6)	(13)%				
VoIP lines*	151.9	121.2	30.7	25 %				
Total business voice lines	324.0	318.9	5.1	2 %				
Total voice lines	511.6	523.8	(12.2)	(2)%				
Long distance lines								
Residential	179.2	190.9	(11.7)	(6)%				
Business	119.9	132.8	(12.9)	(10)%				
Total Long Distance Lines	299.1	323.7	(24.6)	(8)%				

* VoIP lines include Fioptics voice lines.

Entertainment and Communications, continued

Revenue

(dollars in millions)	Three Months ended September 30, 2017	Three Months ended September 30, 2016	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016
Revenue:				
Consumer				
Strategic				
Data	$ 32.2	$ 26.5	$ 93.2	$ 75.2
Voice	6.2	5.4	18.2	16.0
Video	37.2	31.7	109.1	90.6
Services and other	0.4	0.8	1.2	2.6
	76.0	64.4	221.7	184.4
Legacy				
Data	8.4	10.4	27.0	34.4
Voice	16.1	18.2	50.8	56.7
Services and other	0.7	1.0	2.2	3.2
	25.2	29.6	80.0	94.3
Integration				
Services and other	0.2	0.9	0.3	3.0
Total consumer revenue	$ 101.4	$ 94.9	$ 302.0	$ 281.7
Business				
Strategic				
Data	$ 25.1	$ 24.3	$ 74.9	$ 71.9
Voice	16.3	13.3	46.3	37.8
Video	0.6	0.5	1.9	1.5
Services and other	0.5	0.6	1.6	1.5
	42.5	38.7	124.7	112.7
Legacy				
Data	4.1	4.9	13.3	15.4
Voice	24.4	27.7	74.5	85.1
Services and other	0.1	0.4	0.6	1.0
	28.6	33.0	88.4	101.5
Integration				
Services and other	0.4	0.4	1.1	1.3
Total business revenue	$ 71.5	$ 72.1	$ 214.2	$ 215.5
Carrier				
Strategic				
Data	$ 10.7	$ 11.3	$ 31.5	$ 33.9
Services and other	—	—	5.4	—
	10.7	11.3	36.9	33.9
Legacy				
Data	7.5	9.0	23.4	27.6
Voice	3.7	4.1	11.7	12.4
Services and other	1.4	1.6	4.7	4.7
	12.6	14.7	39.8	44.7
Total carrier revenue	$ 23.3	$ 26.0	$ 76.7	$ 78.6
Total Entertainment and Communications revenue	$ 196.2	$ 193.0	$ 592.9	$ 575.8

Entertainment and Communications, continued

Consumer

Consumer market revenue has increased from the comparable periods in the previous year due to Fioptics growth offsetting losses in legacy access lines, DSL subscribers and long-distance lines. Our Consumer Fioptics internet subscriber base increased 18% and average revenue per user ("ARPU") was up 4% compared to the third quarter of 2016. Consumer Fioptics video subscribers as of the end of the third quarter of 2017 increased 9% compared to the same period a year ago, in addition to a 4% increase in ARPU.

The Company continues to lose access and long distance lines because of customers electing to use wireless service in lieu of traditional local wireline service or electing to move to other service providers. The Company also continues to experience DSL subscriber loss because of customers migrating to Fioptics, or an alternative internet provider, particularly in areas not upgraded to Fioptics.

Business

Business market revenue is down slightly from prior comparable periods for the three and nine months ended September 30, 2017 as the growth in strategic revenue only partially offset declines realized by our legacy and integration products and services. Data revenue from our business customers was consistent for the three months ended September 30, 2017, and increased for the nine months ended September 30, 2017 as customers migrate from our legacy product offerings to higher bandwidth fiber solutions. Voice revenue declined for the three and nine months ended September 30, 2017, as the revenue associated with the loss of legacy voice lines and long distance lines was greater than the growth in the revenue associated with VoIP lines.

Carrier

For the three and nine months ended September 30, 2017, data revenue declined by $2.1 million and $6.6 million, respectively, as carriers increased focus on improving the efficiency of their networks as they migrate from legacy product offerings to higher bandwidth fiber solutions. Voice revenue continues to decrease in 2017 in part due to Federal Communications Commission ("FCC") mandated reductions of terminating switched access rates. Strategic services and other revenue of $5.4 million is related to a one time project that was completed in the second quarter of 2017.

Operating costs and expenses

Cost of services and products has increased primarily due to higher programming costs of $4.8 million in the three months ended September 30, 2017 and $13.4 million in the nine months ended September 30, 2017 compared to the same periods during 2016. These increases are the result of the growing number of Fioptics video subscribers combined with rising programming rates. For the three months ended September 30, 2017 increased programming costs were partially offset by lower payroll and contract services costs. For the nine months ended September 30, 2017, in addition to increased programming costs, network costs increased because of the completion of a one-time carrier project in the second quarter of 2017. Furthermore, costs were incurred during the nine months ended September 30, 2017 related to the new product Hosted Communications Solution, launched in the fourth quarter of 2016.

SG&A expenses were down in 2017 in both comparable periods primarily due to lower payroll and bad debt expense.

Depreciation and amortization expenses for the three and nine months ended September 30, 2017 increased compared to the prior year primarily due to assets placed in service in connection with the expansion of our fiber network.

Restructuring and severance charges recorded in the nine months ended September 30, 2017 are related to a voluntary severance program for certain bargained employees to reduce field and network costs associated with our legacy copper network.

Entertainment and Communications, continued

Capital Expenditures

(dollars in millions)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Fioptics capital expenditures				
Construction	$ 12.5	$ 21.6	$ 43.9	$ 59.0
Installation	11.1	19.0	39.5	40.2
Other	1.6	2.3	8.1	13.3
Total Fioptics	25.2	42.9	91.5	112.5
Other strategic	7.1	9.6	23.0	35.9
Maintenance	9.1	10.6	24.4	30.3
Total capital expenditures	$ 41.4	$ 63.1	$ 138.9	$ 178.7

Expanding the Fioptics product suite, upgrading and increasing capacity for networks, and maintaining the fiber and copper networks, are the main drivers of capital expenditures for the Entertainment and Communications segment. In the third quarter of 2017, we passed an additional 8,000 addresses with Fioptics. As of September 30, 2017, the Company is able to provide its Fioptics services to 564,700 residential and business addresses, or approximately 70% of our operating territory. Construction costs decreased in 2017 compared to 2016 primarily due to slowing the build process. The timing of cash disbursements, as well as higher costs associated with building to less densely populated areas in 2017 partially offset the decreased costs associated with a slower build out. Fioptics installation costs decreased in 2017 due to the timing of purchases of set-top boxes and modems that occurred in the third quarter of 2016. Other Fioptics related costs include costs to expand core network capacity, as well as projects to enhance the customer experience.

Other strategic capital expenditures are for success-based fiber builds, including related equipment, for business and carrier projects in order to provide ethernet and other data transport services.

IT Services and Hardware

The IT Services and Hardware segment provides a full range of managed IT solutions, including managed infrastructure services, telephony and IT equipment sales, and professional IT staffing services. These services and products are provided through the Company's subsidiaries in various geographic areas throughout the United States, Canada and the United Kingdom. By offering a full range of equipment and outsourced services in conjunction with the Company's fiber and copper networks, the IT Services and Hardware segment provides end-to-end IT and telecommunications infrastructure management designed to reduce cost and mitigate risk while optimizing performance for its customers.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(dollars in millions)	2017	2016	Change	% Change	2017	2016	Change	% Change
Revenue:								
Professional Services	$ 24.9	$ 26.5	$ (1.6)	(6)%	$ 70.1	$ 79.9	$ (9.8)	(12)%
Management and Monitoring	5.5	8.1	(2.6)	(32)%	15.6	24.1	(8.5)	(35)%
Unified Communications	10.7	9.9	0.8	8 %	31.6	30.1	1.5	5 %
Cloud Services	10.9	12.2	(1.3)	(11)%	36.2	33.2	3.0	9 %
Telecom and IT hardware	44.3	66.2	(21.9)	(33)%	125.0	167.9	(42.9)	(26)%
Total revenue	96.3	122.9	(26.6)	(22)%	278.5	335.2	(56.7)	(17)%
Operating costs and expenses:								
Cost of services and products	72.4	96.2	(23.8)	(25)%	209.8	260.3	(50.5)	(19)%
Selling, general and administrative	15.7	15.2	0.5	3 %	47.6	42.9	4.7	11 %
Depreciation and amortization	3.4	3.4	—	— %	10.9	9.8	1.1	11 %
Restructuring and severance related charges	—	0.3	(0.3)	n/m	2.3	0.3	2.0	n/m
Total operating costs and expenses	91.5	115.1	(23.6)	(21)%	270.6	313.3	(42.7)	(14)%
Operating income	$ 4.8	$ 7.8	$ (3.0)	(38)%	$ 7.9	$ 21.9	$ (14.0)	(64)%
Operating margin	5.0%	6.3%		(1.3) pts	2.8%	6.5%		(3.7) pts
Capital expenditures	$ 1.6	$ 4.1	$ (2.5)	(61)%	$ 9.3	$ 9.9	$ (0.6)	(6)%

IT Services and Hardware, continued

Revenue

The following IT Services and Hardware services and products have either been classified as strategic or integration:

(dollars in millions)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Strategic business revenue				
Professional Services	$ 17.5	$ 22.9	$ 54.2	$ 68.3
Management and Monitoring	5.5	8.1	15.6	24.1
Unified Communications	7.2	7.3	21.7	22.1
Cloud Services	10.9	12.2	36.2	33.2
Total strategic business revenue	41.1	50.5	127.7	147.7
Integration business revenue				
Professional Services	7.4	3.6	15.9	11.6
Unified Communications	3.5	2.6	9.9	8.0
Telecom and IT hardware	44.3	66.2	125.0	167.9
Total integration business revenue	55.2	72.4	150.8	187.5
Total IT Services and Hardware revenue	$ 96.3	$ 122.9	$ 278.5	$ 335.2

For the three and nine months ended September 30, 2017, strategic professional services and management and monitoring revenue decreased primarily due to declines in billable headcount as one our significant customers pursued cost out initiatives by in-sourcing IT professionals. For the three months ended September 30, 2017, cloud services revenue declined due the loss of storage and backup revenue. For the nine months ended September 30, 2017, increased cloud services revenue has primarily been driven by the increase in virtual machines managed within our current customer base.

Integration revenue is primarily driven by the volume of Telecom and IT hardware sales reflecting the reduction in capital spending by our enterprise customers. The change in spending by our customers may be influenced by many factors, including the timing of customers' capital spend, the size of their capital budgets and general economic conditions. The reductions in Telecom and IT hardware are only partially offset by increases in Professional Services, which can be attributed to the acquisition of Suntel.

Costs and Expenses

Cost of services and products is primarily impacted by changes in Telecom and IT hardware sales and reductions in headcount-related costs associated with professional services. For the three and nine months ended September 30, 2017, costs of goods sold related to Telecom and IT hardware sales decreased $20.4 million and $39.8 million, respectively, from the prior year due to lower Telecom and IT hardware sales. Changes in billable resources driven by the professional services revenue reductions contributed to payroll costs decreasing $4.7 million in the three months ended September 30, 2017 and $9.7 million in the nine months ended September 30, 2017 compared to the same periods during 2016.

For the nine months ended September 30, 2017, SG&A costs increased due to additional headcount at branch locations to support the expansion of our national footprint.

For the nine months ended September 30, 2017, restructuring and severance related charges of $2.3 million related to the reorganization initiated to better align the segment for future growth.

Capital Expenditures

Capital expenditures decreased during the three and nine months ended September 30, 2017 due expenditures related to projects supporting the growth of our strategic products, primarily cloud services.

Financial Condition, Liquidity, and Capital Resources

As of September 30, 2017, the Company had $1,132.8 million of outstanding indebtedness and an accumulated deficit of $2,680.8 million. A significant amount of the Company's indebtedness and accumulated deficit resulted from the purchase and operation of a national broadband business, which was sold in 2003.

The Company’s primary source of cash is generated by operations. The Company generated $156.8 million and $141.6 million of cash flows from operations during the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, the Company had $290.1 million of short-term liquidity, comprised of $43.7 million of cash and cash equivalents, $150.0 million of undrawn capacity on our Corporate Credit Agreement and $96.4 million available under the Receivables Facility.

As of September 30, 2017, the Company had no borrowings and $6.3 million of letters of credit outstanding under the Receivables Facility on a borrowing capacity of $102.7 million. In the second quarter of 2017, the Company executed an amendment of its Receivables Facility, which replaced, amended and added certain provisions and definitions to increase the credit availability and renew the facility, which is subject to renewal every 364 days, until May 2018. The facility's termination date is in May 2019. While we expect to continue to renew this facility, we would be required to use cash, our Corporate Credit Agreement or other sources to repay any outstanding balance on the Receivables Facility if it were not renewed.

The Company’s primary uses of cash are for capital expenditures and debt service and, to a lesser extent, to fund pension and retiree medical obligations and preferred stock dividends. In 2017, cash was also utilized to fund merger and acquisition activity. The Company believes that its cash on hand, cash generated from operations, and available funding under its credit facilities will be adequate to meet its cash requirements for the next twelve months. In addition, management expects that the Company will continue to have access to the capital markets to refinance debt and other obligations should such a need arise in the near future.

Cash Flows

Cash provided by operating activities during the nine months ended September 30, 2017 totaled $156.8 million, an increase of $15.2 million compared to the same period in 2016. The increase is due primarily to a $5.4 million decrease in interest payments resulting from the Company refinancing the 8 $^3/_4$% Senior Notes due 2020, with 7% senior notes due 2024 in the third quarter of 2016, in addition to a decrease in borrowings under the Tranche B Term Loan Facility. The remaining increase is primarily due to the Company's discontinued wireless operations, including the decommissioning of wireless towers, which utilized $6.9 million of cash in the nine months ended September 30, 2016.

Cash flows used in investing activities during the nine months ended September 30, 2017 totaled $16.8 million, a decrease of $76.1 million compared to the same period in 2016. The decrease is primarily due to the Company depositing $90.7 million of funds into a restricted cash account to redeem the remaining balance of the 8 $^3/_8$% Senior Notes due 2020 in the third quarter of 2016 and $6.2 million in dividends received from CyrusOne in 2016. This decrease was partially offset by $9.6 million of net cash used to acquire SunTel Services in 2017.

Cash flows used by financing activities during the nine months ended September 30, 2017 totaled $106.0 million, compared to $47.6 million used in the prior year. In the first half of 2017, we repaid $89.5 million on the Receivables Facility, compared to borrowing $5.9 million in the prior year. In the third quarter of 2016, the Company issued $425.0 million of 7% Senior Notes due 2024. In addition, debt repayments totaling $6.4 million for the nine months ended September 30, 2017 was a decrease of $454.6 million from the prior year. We also repurchased and retired approximately 0.2 million shares of the Company's common stock for $4.8 million in the prior year.

Debt Covenants

Corporate Credit Agreement

The Corporate Credit Agreement contains financial covenants that require we maintain certain leverage and interest coverage ratios. The facility also contains certain covenants which, among other things, limit the Company’s ability to incur additional debt or liens, pay dividends, repurchase Company common stock, sell, transfer, lease, or dispose of assets, and make certain investments or merge with another company. If the Company was to violate any of its covenants and was unable to obtain a waiver, it would be considered in default. If the Company was in default under its Corporate Credit Agreement, no additional borrowings under the Corporate Credit Agreement would be available until the default was waived or cured. The Company was in compliance with all of the financial covenants under the Corporate Credit Agreement as of September 30, 2017.

In order to continue to have access to the amounts available to it under the Corporate Credit Agreement, the Company must remain in compliance with all of the covenants. Definitions and components of these calculations are detailed in our Corporate Credit Agreement and can be found in the Company's Form 8-K filed on May 17, 2016.

In October 2017, the Company terminated the Corporate Credit Agreement and entered into a new Credit Agreement which replaces the previous financial covenants with new financial covenants.

Bond Indentures

The Company’s debt, which includes the 7% Senior Notes due 2024, and the New 8% Senior Notes due 2025 issued in October 2017, contains covenants that, among other things, limit the Company’s ability to incur additional debt or liens, pay dividends or make other restricted payments, sell, transfer, lease, or dispose of assets and make investments or merge with another company. The Company is in compliance with all of its debt indentures.

Share Repurchase Plan

In 2010, the Board of Directors approved a plan for the repurchase of the Company's outstanding common stock in an amount up to $150.0 million. In prior years, the Company repurchased and retired a total of 1.7 million shares at a total cost of $25.6 million. As of September 30, 2017, the Company has the authority to repurchase its common stock with a value of up to $124.4 million under the plan approved by its Board of Directors, subject to satisfaction of the requirements under its bond indentures.

Regulatory Matters

Refer to the Company’s Annual Report on Form 10-K for the year ended 2016 for a complete description of regulatory matters. Refer to the Company Quarterly Report on Form 10-Q for the period ended June 30, 2017 for changes to certain regulatory matters that occurred in the first and second quarter of 2017.

Contingencies

In the normal course of business, the Company is subject to various regulatory and tax proceedings, lawsuits, claims, and other matters. The Company believes adequate provision has been made for all such asserted and unasserted claims in accordance with U.S. GAAP. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance.

Future Operating Trends

On October 2, 2017 the Company completed the acquisition of OnX. The expectation is that this acquisition will provide future growth opportunities in the IT Services and Hardware segment by providing additional geographies to operate within, and an expanded customer base in which to sell our products and services. In addition, the acquisition can create synergies and opportunities for cost savings.

Refer to the Company's Annual Report on Form 10-K for the year ended 2016 for a complete description of future operating trends for our business.

Critical Accounting Policies

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Application of these principles requires management to make estimates or judgments that affect the amounts reported in the accompanying condensed consolidated financial statements and information available as of the date of the financial statements. As this information changes, the financial statements could reflect different estimates or judgments. The Company’s most critical accounting policies and estimates are described in its Annual Report on Form 10-K for the year ended December 31, 2016.

Recently Issued Accounting Standards

Refer to Note 1 of the Condensed Consolidated Financial Statements for further information on recently issued accounting standards. The adoption of new accounting standards did not have a material impact on the Company’s financial results for the three and nine months ended September 30, 2017.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a description of the Company's market risks.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in SEC Rule 13-a 15(e)) as of the end of the period covered by this report. Based on this evaluation, Cincinnati Bell Inc.'s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective.

(b) Changes in internal control over financial reporting.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated any changes in the Company's internal control over financial reporting that occurred during the third quarter of 2017 and have concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the third quarter of 2017 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Cincinnati Bell and its subsidiaries are involved in a number of legal proceedings. Liabilities are established for legal claims when losses associated with the claims are judged to be probable and the loss can be reasonably estimated. In many lawsuits and arbitrations, including most class action lawsuits, it is not possible to determine whether a liability has been incurred or to estimate the amount of the liability until the case is close to resolution, in which case a liability will not be recognized until that time. Based on information currently available, consultation with counsel, available insurance coverage and recognized liabilities, the Company believes that the eventual outcome of all claims will not, individually or in the aggregate, have a material effect on the Company’s financial position or results of operations.

Item 1A. Risk Factors

Refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 for a comprehensive listing of the Company’s risk factors. The risk factors below supersede the risk factors included in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

Risks Relating to the Merger with Hawaiian Telcom

The merger (the “merger”) of Hawaiian Telcom Holding, Inc. (“Hawaiian Telcom”) into a wholly owned subsidiary of the Company is subject to the receipt of clearances or approvals from various regulatory authorities, which may impose conditions that could have an adverse effect on the Company following the closing of the merger (the “combined company”) or, if not obtained, could prevent completion of the merger.

Before the merger may be completed, the applicable waiting period must expire or terminate under the Hart-Scott-Rodino Act and clearances or approvals must be obtained from various regulatory entities, including the FCC, the State of Hawaii Department of Commerce and Consumer Affairs and the Hawaii Public Utilities Commission. There can be no assurance that all of these required consents, orders, approvals and clearances will be obtained, or will be obtained on a timely basis. In deciding whether to grant regulatory clearances, the relevant governmental entities will consider, among other things, the effect of the merger on competition within their relevant jurisdiction. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company’s business. The merger agreement may require the Company and Hawaiian Telcom to comply with conditions imposed by regulatory entities and neither company is required to take any action with respect to obtaining regulatory approval that, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect (as defined in the agreement and plan of merger dated July 9, 2017 (the “merger agreement”), among Hawaiian Telcom, the Company and Twin Acquisition Corp.) on either Hawaiian Telcom or the Company. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the merger, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reduce the anticipated benefits of the merger. In addition, the Company cannot provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger.

The merger is subject to conditions, including certain conditions that may not be satisfied or completed on a timely basis, if at all. Any delay in completing the merger may reduce or eliminate the benefits expected.

In addition to the required stockholder approval and regulatory clearances and approvals, the merger is subject to certain other conditions beyond the control of the Company that may prevent, delay, or otherwise materially adversely affect completion of the merger. The Company cannot predict whether and when these other conditions will be satisfied. The requirements for satisfying such conditions could delay completion of the merger for a period of time, reducing or eliminating some or all anticipated benefits of the merger, or prevent completion of the merger from occurring at all.

The pendency of the merger could materially adversely affect the future business and operations of the Company and/or result in a loss of employees for the Company.

In connection with the pending merger, while it is not expected by the management of the Company, it is possible that some customers, suppliers and other persons with whom the Company has a business relationship may delay or defer certain business decisions, which could negatively impact revenues, earnings and cash flows of the Company, as well as the market prices of the Company's common shares, regardless of whether the merger is completed. Similarly, current and prospective employees of the Company may experience uncertainty about their future roles within the combined company following completion of the merger, which may materially adversely affect the ability of the Company to attract and retain key employees.

The pursuit of the merger and the preparation for the integration may place a significant burden on the Company's management and internal resources. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect the Company's financial results.

In addition, the merger agreement restricts the Company, on the one hand, and Hawaiian Telcom, on the other, without the other party's consent, from making certain acquisitions and dispositions and taking other specified actions while the merger is pending. These restrictions may prevent the Company from pursuing attractive business opportunities and making other changes to its business prior to completion of the merger or termination of the merger agreement.

The Company's shareholders will be diluted by the merger.

The merger will dilute the ownership position of the Company's current shareholders. Cincinnati Bell will issue approximately 7.9 million of the Company's common shares to Hawaiian Telcom stockholders in the merger (including common shares of the Company to be issued in connection with outstanding Hawaiian Telcom equity awards). As a result of these issuances, the Company's current shareholders and Hawaiian Telcom's stockholders are expected to hold approximately 85% and 15%, respectively, of the Company's outstanding common shares immediately following completion of the merger.

Risks Relating to the Combined Company Upon Completion of the Merger

If completed, the merger may not achieve its intended results, and the Company and Hawaiian Telcom may be unable to successfully integrate their operations.

The Company and Hawaiian Telcom entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, expanding the Company's asset base and creating synergies and opportunities for cost savings. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of the Company and Hawaiian Telcom can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger. The combined company's results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur prior to the closing of the merger. The companies may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company's future business, financial condition, operating results and prospects.

The combined company is expected to incur expenses related to the integration of the Company and Hawaiian Telcom.

The combined company is expected to incur expenses in connection with the integration of the Company and Hawaiian Telcom. There are a number of back-office information technology systems, processes and policies that will need to be addressed during the integration. While the Company and Hawaiian Telcom have assumed that a certain level of expenses will be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These integration expenses likely will result in the combined company taking charges against earnings following the completion of the merger, and the amount and timing of such charges are uncertain at present.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger.

Following the merger, the size of the business of the combined company will increase significantly beyond the current size of either the Company’s or Hawaiian Telcom’s business. The combined company’s future success depends, in part, upon its ability to manage this expanded business, which could pose substantial challenges for management. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the merger.

Uncertainties associated with the merger may cause a loss of management personnel and other key employees, which could adversely affect the future business and operations of the combined company.

The Company and Hawaiian Telcom are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. The Company’s success until the merger, and the combined company’s success after the merger, will depend in part upon the ability of the Company and Hawaiian Telcom to retain key management personnel and other key employees. Current and prospective employees of the Company and Hawaiian Telcom may experience uncertainty about their roles within the combined company following the merger, which may have an adverse effect on the ability of the Company and Hawaiian Telcom to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of the Company and Hawaiian Telcom to the same extent that the Company and Hawaiian Telcom have previously been able to attract or retain their own employees.

The combined company will have substantial indebtedness following the merger and the credit ratings of the combined company or its subsidiaries may be different from what the companies currently expect.

The Company has obtained new credit facilities and has issued senior unsecured notes in order to provide funds to (i) refinance its existing credit facilities, (ii) finance in part the cash portion of the merger consideration, (iii) refinance existing indebtedness of Hawaiian Telcom and (iv) pay other costs and expenses incurred in connection with the merger and related transactions. The receipt of financing by the Company, however, is not a condition to completion of the merger. In addition to the new credit facilities and the issuance of the notes, the Company may incur other indebtedness, including senior indebtedness, to finance the merger and related transactions. Following completion of the merger, the combined company will have substantial indebtedness and the credit ratings of the combined company and its subsidiaries may be different from what the companies currently expect.

This substantial indebtedness may adversely affect the business, financial condition and operating results of the combined company, including:

- making it more difficult for the combined company to satisfy its debt service obligations;
- requiring the combined company to dedicate a substantial portion of its cash flows to debt service obligations, thereby potentially reducing the availability of cash flows to pay cash dividends and to fund working capital, capital expenditures, acquisitions, investments and other general operating requirements;
- limiting the ability of the combined company to obtain additional financing to fund its working capital requirements, capital expenditures, acquisitions, investments, debt service obligations and other general operating requirements;
- restricting the combined company from making strategic acquisitions or taking advantage of favorable business opportunities;
- placing the combined company at a relative competitive disadvantage compared to competitors that have less debt;
- limiting flexibility to plan for, or react to, changes in the businesses and industries in which the combined company operates, which may adversely affect the combined company’s operating results and ability to meet its debt service obligations;
- increasing the vulnerability of the combined company to adverse general economic and industry conditions, including changes in interest rates; and
- limiting the ability of the combined company to refinance its indebtedness or increasing the cost of such indebtedness.

If the combined company incurs additional indebtedness following the merger, the risks related to the substantial indebtedness of the combined company may intensify.

The merger may involve unexpected costs, unexpected liabilities or unexpected delays.

The Company currently expects to incur substantial costs and expenses relating directly to the merger, including debt financing and refinancing costs, fees and expenses payable to financial advisors, professional fees and expenses, insurance premium costs, fees and costs relating to regulatory filings and notices, SEC filing fees, printing and mailing costs and other transaction-related costs, fees and expenses. In addition, the merger and post-merger integration process may give rise to unexpected liabilities and costs, including costs associated with the defense and resolution of possible litigation or other claims, which may significantly increase the related costs and expenses incurred by the combined company.

Risks Related to the Acquisition of OnX

The acquisition of OnX may not achieve its intended results, and the Company may be unable to successfully integrate OnX's operations.

The Company entered into the merger agreement with OnX with the expectation that the acquisition will result in various benefits, including, among other things, expanding the Company's asset base and creating synergies and opportunities for cost savings. Achieving the anticipated benefits of the acquisition of OnX is subject to a number of uncertainties, including whether the businesses of the Company and OnX can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the Company's ability to achieve the anticipated benefits of the acquisition of OnX. The Company's results of operations could also be adversely affected by any issues attributable to either company's operations that arose or are based on events or actions that occurred prior to the closing of the acquisition. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the Company's future business, financial condition, operating results and prospects.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the nine month period ended September 30, 2017, the Company had no unregistered sales of equity securities. The Company also had no purchases of its common stock for the nine months ended September 30, 2017.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosure

None.

Item 5. Other Information

No reportable items.

Item 6. Exhibits

Exhibits identified in parentheses below, on file with the SEC, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
(2.1)	Agreement and Plan of Merger, dated as of July 9, 2017, among Cincinnati Bell Inc., Twin Acquisition Corp. and Hawaiian Telcom Holdco, Inc. (Exhibit 2.1 to Current Report on Form 8-K, date of Report July 10, 2017, File No. 1-8519).
(2.2)	Agreement and Plan of Merger, dated as of July 9, 2017, among Cincinnati Bell Inc., Yankee Acquisition LLC, OnX Holdings LLC and MLN Holder Rep LLC (Exhibit 2.2 to Current Report on Form 8-K, date of Report July 10, 2017, File No. 1-8519).
(3.1)	Amended and Restated Articles of Incorporation of Cincinnati Bell Inc. (Exhibit 3.1 to Current Report on Form 8-K, Date of Report April 25, 2008, File No. 1-8519).
(3.2)	Amendment to the Amended and Restated Articles of Incorporation of Cincinnati Inc. (Exhibit 3.1 to Current Report on Form 8-K, date of Report October 4, 2016, File No. 1-8519).
(3.3)	Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.2 to Current Report on Form 8-K, Date of Report April 25, 2008, File No. 1-8519).
(4.1)	Third Supplemental Indenture dated October 2, 2017 among Cincinnati Bell Inc., Cincinnati Bell Shared Services LLC, Data Center South Holdings, LLC, Twin Acquisition Corp. and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).
(4.2)	Indenture, dated October 6, 2017, between CB Escrow Corp. and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 6, 2017, File NO. 1-8519).
(4.3)	Escrow Agreement, dated as of October 6, 2017, among CB Escrow Corp., Regions Bank, as Trustee, and Regions Banks, as Escrow Agent (Exhibit 4.2 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(10.1)	Voting Agreement, dated as of July 9, 2017, among Cincinnati Bell Inc., Twin Haven Capital Partners, L.L.C. and the affiliates of Twin Haven Capital Partners, L.L.C. party thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report July 10, 2017, File No. 1-8519).
(10.2)	Commitment Letter, dated as of July 9, 2017, between Cincinnati Bell Inc. and Morgan Stanley Senior Funding, Inc. (Exhibit 10.2 to Current Report on Form 8-K, date of Report July 10, 2017, File No. 1-8519).
(10.3)	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.4)	Employment Agreement between Cincinnati Bell Inc. and Christie C. Cornette effective as of September 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.5)	Credit Agreement by and among Cincinnati Bell Inc., the Guarantors party thereto, the Lenders party thereto, PNC Bank, National Association, as a Swingline Lender, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent, a Swingline Lender and an L\C Issuer, dated October 2, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).
(31.1)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(101.INS)**	XBRL Instance Document.
(101.SCH)**	XBRL Taxonomy Extension Schema Document.
(101.CAL)**	XBRL Taxonomy Extension Calculation Linkbase Document.
(101.DEF)**	XBRL Taxonomy Extension Definition Linkbase Document.
(101.LAB)**	XBRL Taxonomy Extension Label Linkbase Document.
(101.PRE)**	XBRL Taxonomy Extension Presentation Linkbase Document.

+ Filed herewith.
** Submitted electronically with this report.

The Company's reports on Form 10-K, 10-Q, and 8-K are available free of charge in the Investor Relations section of the Company's website: http://www.cincinnatibell.com. The Company will furnish any other exhibit at cost.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cincinnati Bell Inc.

Date:	November 2, 2017	/s/ Andrew R. Kaiser
		Andrew R. Kaiser
		Chief Financial Officer
Date:	November 2, 2017	/s/ Shannon M. Mullen
		Shannon M. Mullen
		Chief Accounting Officer

Exhibit 31.1

Certifications

I, Leigh R. Fox, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cincinnati Bell Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2017

/s/ Leigh R. Fox

Leigh R. Fox
President and Chief Executive Officer

Exhibit 31.2

Certifications

I, Andrew R. Kaiser, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cincinnati Bell Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2017

/s/ Andrew R. Kaiser

Andrew R. Kaiser
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cincinnati Bell Inc. (the "Company") on Form 10-Q for the period ending September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leigh R. Fox, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leigh R. Fox

Leigh R. Fox
President and Chief Executive Officer
November 2, 2017

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cincinnati Bell Inc. (the "Company") on Form 10-Q for the period ending September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew R. Kaiser, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew R. Kaiser

Andrew R. Kaiser
Chief Financial Officer
November 2, 2017