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 March 31, 2019

☐ **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 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 ☒

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares ($0.01 par value)	CBB	New York Stock Exchange
Depositary Shares, each representing 1/20 interest in a Share of 6 ¾% Cumulative Convertible Preferred Stock, without par value	CBB.PB	New York Stock Exchange

At April 30, 2019, there were 50,367,297 common shares outstanding.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenue	$ 379.6	$ 295.7
Costs and expenses		
Cost of services and products, excluding items below	197.7	149.4
Selling, general and administrative, excluding items below	86.1	68.4
Depreciation and amortization	79.4	51.2
Restructuring and severance related charges	3.3	0.3
Transaction and integration costs	3.0	2.2
Total operating costs and expenses	369.5	271.5
Operating income	10.1	24.2
Interest expense	35.1	30.8
Other components of pension and postretirement benefit plans expense	2.6	3.3
Other income, net	(1.0)	(0.4)
Loss before income taxes	(26.6)	(9.5)
Income tax expense (benefit)	0.3	(1.2)
Net loss	(26.9)	(8.3)
Preferred stock dividends	2.6	2.6
Net loss applicable to common shareowners	$ (29.5)	$ (10.9)
Basic and diluted net loss per common share	$ (0.59)	$ (0.26)

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

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net loss	$ (26.9)	$ (8.3)
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	1.6	(1.8)
Cash flow hedges:		
Unrealized loss on cash flow hedges arising during the period, net of tax of ($1.0)	(3.1)	—
Reclassification adjustment for net losses included in net income, net of tax of $0.1	0.2	—
Defined benefit plans:		
Amortization of prior service benefits included in net income, net of tax of ($0.1), ($0.2)	(0.5)	(0.6)
Amortization of net actuarial loss included in net income, net of tax of $0.8, $1.2	3.0	4.1
Total other comprehensive income	1.2	1.7
Total comprehensive loss	$ (25.7)	$ (6.6)

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

CONDENSED CONSOLIDATED STATEMENTS OF SHAREOWNERS' DEFICIT
(Dollars in millions)
(Unaudited)

	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	3.1	$ 129.4	50.2	$ 0.5	$ 2,680.0	$ (2,709.4)	$ (175.5)	$ (75.0)
Net loss	—	—	—	—	—	(26.9)	—	(26.9)
Other comprehensive income	—	—	—	—	—	—	1.2	1.2
Shares issued under employee plans	—	—	0.2	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(0.8)	—	—	(0.8)
Stock-based compensation	—	—	—	—	1.8	—	—	1.8
Dividends on preferred stock	—	—	—	—	(2.6)	—	—	(2.6)
Balance at March 31, 2019	3.1	$ 129.4	50.4	$ 0.5	$ 2,678.4	$ (2,736.3)	$ (174.3)	$ (102.3)

	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	3.1	$ 129.4	42.2	$ 0.4	$ 2,565.6	$ (2,639.6)	$ (173.7)	$ (117.9)
Net loss	—	—	—	—	—	(8.3)	—	(8.3)
Other comprehensive income	—	—	—	—	—	—	1.7	1.7
Shares issued under employee plans	—	—	0.2	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(2.0)	—	—	(2.0)
Stock-based compensation	—	—	—	—	1.2	—	—	1.2
Dividends on preferred stock	—	—	—	—	(2.6)	—	—	(2.6)
Balance at March 31, 2018	3.1	$ 129.4	42.4	$ 0.4	$ 2,562.2	$ (2,647.9)	$ (172.0)	$ (127.9)

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

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

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 3.9	$ 15.4
Receivables, less allowances of $13.1 and $13.0	260.0	342.8
Inventory, materials and supplies	38.9	46.5
Prepaid expenses	31.7	30.7
Other current assets	9.9	10.5
Total current assets	344.4	445.9
Property, plant and equipment, net	1,832.8	1,844.0
Operating lease right-of-use assets	37.2	—
Goodwill	158.6	157.0
Intangible assets, net	165.2	168.1
Deferred income tax assets	47.4	47.5
Other noncurrent assets	63.7	67.7
Total assets	$ 2,649.3	$ 2,730.2
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	$ 22.4	$ 20.2
Accounts payable	259.3	331.9
Unearned revenue and customer deposits	49.3	55.9
Accrued taxes	18.2	24.8
Accrued interest	24.8	26.8
Accrued payroll and benefits	42.3	42.9
Other current liabilities	44.5	39.2
Total current liabilities	460.8	541.7
Long-term debt, less current portion	1,909.9	1,909.6
Operating lease liabilities	34.5	—
Pension and postretirement benefit obligations	226.7	230.6
Pole license agreement obligation	38.8	39.1
Deferred income tax liabilities	12.4	11.4
Other noncurrent liabilities	68.5	72.8
Total liabilities	2,751.6	2,805.2
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 March 31, 2019 and December 31, 2018; liquidation preference $1,000 per share ($50 per depositary share)	129.4	129.4
Common shares, $.01 par value; 96,000,000 shares authorized; 50,360,602 and 50,184,114 shares issued and outstanding at March 31, 2019 and December 31, 2018	0.5	0.5
Additional paid-in capital	2,678.4	2,680.0
Accumulated deficit	(2,736.3)	(2,709.4)
Accumulated other comprehensive loss	(174.3)	(175.5)
Total shareowners' deficit	(102.3)	(75.0)
Total liabilities and shareowners' deficit	$ 2,649.3	$ 2,730.2

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

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash flows from operating activities		
Net loss	$ (26.9)	$ (8.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	79.4	51.2
Provision for loss on receivables	2.9	1.0
Noncash portion of interest expense	1.9	0.8
Deferred income taxes	0.5	(1.2)
Pension and other postretirement payments (in excess of) less than expense	(0.3)	0.4
Stock-based compensation	1.8	1.2
Other, net	(1.3)	(2.0)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Decrease in receivables	82.3	6.5
Decrease (increase) in inventory, materials, supplies, prepaid expenses and other current assets	7.5	(4.4)
(Decrease) increase in accounts payable	(74.8)	3.6
(Decrease) increase in accrued and other current liabilities	(17.9)	9.6
Decrease in other noncurrent assets	2.3	0.5
Decrease in other noncurrent liabilities	(0.6)	(0.4)
Net cash provided by operating activities	56.8	58.5
Cash flows from investing activities		
Capital expenditures	(56.5)	(32.7)
Acquisitions of businesses	—	(2.8)
Other, net	(0.1)	(0.1)
Net cash used in investing activities	(56.6)	(35.6)
Cash flows from financing activities		
Net decrease in corporate credit and receivables facilities with initial maturities less than 90 days	(3.8)	—
Repayment of debt	(4.5)	(3.0)
Debt issuance costs	(0.1)	(0.4)
Dividends paid on preferred stock	(2.6)	(2.6)
Other, net	(0.8)	(2.0)
Net cash used in financing activities	(11.8)	(8.0)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.1	0.8
Net (decrease) increase in cash, cash equivalents and restricted cash	(11.5)	15.7
Cash, cash equivalents and restricted cash at beginning of period	15.4	396.5
Cash, cash equivalents and restricted cash at end of period	$ 3.9	$ 412.2
Noncash investing and financing transactions:		
Acquisition of property by assuming debt and other noncurrent liabilities	$ 9.8	$ —
Acquisition of property on account	$ 33.2	$ 17.6

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") provide diversified telecommunications and technology services. The Company generates a large portion of its revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in these, or a portion of these, limited operating territories 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 had receivables with one customer, Verizon Communications Inc., which made up 18% of the outstanding accounts receivable balance at December 31, 2018. At March 31, 2019, no individual customer exceeded 10% of the outstanding accounts receivable balance. Revenue derived from foreign operations was approximately 5% and 6% of consolidated revenue for the three months ended March 31, 2019 and 2018, respectively.

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, 2018 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 2018 Annual Report on Form 10-K. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results expected for the full year or any other interim period.

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.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of Accounting Standards Codification ("ASC") 805, "Business Combinations," which requires the recording of net assets of acquired businesses at fair value. In developing fair value estimates for 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. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period. See Note 4 for disclosures related to mergers and acquisitions.

Leases - The Company determines if an arrangement is a lease at inception based on the facts and circumstances present. In lease transactions where the Company acts as the lessor, the lease component is accounted for in accordance with ASC 842, and the non-lease component is accounted for in accordance with ASC 606. Although separation of lease and non-lease components is required, certain practical expedients are available that release the Company from this requirement. Adoption of the practical expedient allows the Company to account for each lease component and the related non-lease component together as a single component provided that the timing and patterns of revenue recognition for the components are the same and the combined, single unit of account would be classified as an operating lease. The Company's operating leases for certain services that include Customer Premise Equipment, including handsets and set-top boxes, have lease and non-lease components. In these arrangements, management has concluded that the non-lease components are the predominant characteristic and as a result the Company has elected to account for these arrangements as one single non-lease component recorded as "Revenue" on the Condensed Consolidated Statements of Operations in accordance with ASC 606.

Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The Company's lease terms include options to extend, terminate or buyout the lease when it is reasonably certain that we will exercise that option. Leases that have contract prices based on variable factors, such as power usage, are recognized as variable lease expense in the period in which the obligation for those payments are incurred. Lease expense for variable lease payments is recognized on a straight-line basis over the lease term.

Income and Operating Taxes

Income taxes — In accordance with ASC 740-270, 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/loss plus or minus the tax effects of discrete items. The Company expects its annual effective tax rate to be lower than statutory rates as a result of permanent items and current items requiring a valuation allowance. The Tax Cuts and Jobs Act of 2017 limits the Company's interest deduction to 30% of tax earnings before interest, tax, depreciation and amortization for years beginning before January 1, 2022. Thereafter, the interest deduction is limited to 30% of tax earnings before interest and taxes. Any disallowed interest in a year becomes a separate deferred tax asset with an indefinite carryforward period that can be utilized by the Company in a future tax year by an amount equal to its interest limitation in excess of its interest expense for that year. As the Company does not anticipate utilizing the current excess interest expense in the foreseeable future, the Company is establishing a valuation allowance for this excess interest in the estimated annual rate, which in turn lowers the effective tax rate.

Operating taxes — The Company elected to record certain operating taxes such as property, sales, use, and gross receipts taxes including telecommunications surcharges as expenses, primarily within cost of services and products. These taxes are not included in income tax expense because the amounts to be paid are not dependent on our level of income. Liabilities for audit exposures are established based on management's assessment of the probability of payment. The provision for such liabilities is recognized as either property, plant and equipment, operating tax expense, or depreciation expense depending on the nature of the audit exposure. Upon resolution of an audit, any remaining liability not paid is released against the account in which it was originally recorded. Certain telecommunication taxes and surcharges that are collected from customers are also recorded as revenue; however, in accordance with ASC 606, revenue associated with these charges is excluded from the transaction price.

Derivative Financial Instruments — The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the Condensed Consolidated Balance Sheets at fair value and recognizing the resulting gains or losses as adjustments to the Condensed Consolidated Statements of Operations or "Accumulated Other Comprehensive Loss". The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated Other Comprehensive Loss" in stockholder's equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period.

Recently Issued Accounting Standards

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-15, Intangibles-Goodwill and Other-Internal-Use Software, which aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the requirements in ASC 350-40 for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this ASU also require the entity to present the expense related to the capitalized implementation costs in the same line item in the statement of income as the fees associated with the hosting element of the arrangement and classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments made for fees associated with the hosting element. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Early adoption is permitted in any interim period after issuance of the update. The Company early adopted this standard prospectively effective January 1, 2019. The adoption of this standard is not expected to have a material effect on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which represents a wholesale change to lease accounting. Since that date, the FASB has issued additional ASUs clarifying certain aspects of ASU 2016-02 but did not change the core principal. The standard introduces a lessee model that brings most leases onto the balance sheet, as well as aligns certain underlying principles of the new lessor model with those in ASC 606. The ASU is effective for public entities for fiscal years beginning after December 15, 2018. The Company adopted the standard and all subsequent amendments effective January 1, 2019, using the modified retrospective transition method, which did not require the Company to adjust comparative periods.

The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carryforward its historical assessments of: (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. In addition to the package of practical expedients, the Company elected the practical expedients of using hindsight in determining the lease term and in assessing impairment of the entity’s right-of-use assets as well as not to assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842.

Upon adoption of this standard, the Company recognized operating lease right-of-use assets of $38.3 million and operating lease liabilities of $46.2 million in the Condensed Consolidated Balance Sheets. The Company elected the practical expedient outlined in ASU 2018-11 allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The adoption of ASU 2016-02 had no impact to retained earnings.

The Company implemented internal controls and procured a third-party lease accounting software solution to facilitate the ongoing accounting and financial reporting requirements of the ASU. The standard did not have a material impact on our Condensed Consolidated Statement of Operations. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. See Note 7 for required disclosures as a result of adopting ASC 842.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company’s condensed consolidated financial statements upon adoption.

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 issuance of common shares for awards under stock-based compensation plans or 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 March 31,	
(in millions, except per share amounts)	2019	2018
Numerator:		
Net loss	$ (26.9)	$ (8.3)
Preferred stock dividends	2.6	2.6
Net loss applicable to common shareowners - basic and diluted	$ (29.5)	$ (10.9)
Denominator:		
Weighted average common shares outstanding - basic	50.3	42.3
Stock-based compensation arrangements	—	—
Weighted average common shares outstanding - diluted	50.3	42.3
Basic and diluted net loss per common share	$ (0.59)	$ (0.26)

For the three months ended March 31, 2019 and 2018, 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 all periods presented, preferred stock convertible into 0.9 million common shares was excluded as it was anti-dilutive.

3. Revenue

The Entertainment and Communications segment provides products and services to both consumer and enterprise customers that can be categorized as either Fioptics in Cincinnati or Consumer/SMB in Hawaii (collectively, "Consumer/SMB"), Enterprise Fiber or Legacy. The products and services within these three categories can be further categorized as either Data, Voice, Video or Other. Consumer/SMB and Legacy revenue include both consumer and enterprise customers. Enterprise Fiber revenue includes ethernet and dedicated internet access services that are provided to enterprise customers, as well as revenue associated with the trans-Pacific submarine cable ("SEA-US").

Consumer customers have implied month-to-month contracts, while enterprise customers, with the exception of contracts associated with the SEA-US, typically have contracts with a duration of one to five years and automatically renew on a month-to-month basis. Customers are invoiced on a monthly basis for services rendered. Contracts for projects that are included within the Other revenue stream are typically short in duration and less than one year. Contracts associated with the SEA-US typically range from 15 to 25 years and payment is prepaid.

The IT Services and Hardware segment provides a full range of Information Technology ("IT") solutions, including Communications, Cloud and Consulting services. IT Services and Hardware customers enter into contracts that have a typical duration of one to five years, with varied renewal options at the end of the term. Customers are invoiced on a monthly basis for services rendered. The IT Services and Hardware segment also provides enterprise customers with Infrastructure Solutions, which includes the sale of hardware and maintenance contracts. These contracts are typically satisfied in less than twelve months and revenue is recognized at a point in time.

The Company has elected the practical expedient described in ASC 606-10-32-18 that allows an entity to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects that the period of time between the transfer of a promised good or service to the customer and when the customer pays for such good or service will be one year or less. Customers are typically billed immediately upon the rendering of services or the delivery of products. Payment terms for customers are between 30 and 180 days. Subsequent to the acquisition of Hawaiian Telcom Holdco., Inc. ("Hawaiian Telcom"), the Company began recognizing a financing component associated with the up-front payments for services to be delivered under indefeasible right of use ("IRU") contracts for fiber circuit capacity. The IRU contracts are primarily associated with the SEA-US. The IRU contracts typically have a duration ranging from 15 to 25 years.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, or a series of distinct goods or services, and is the unit of account defined in ASC Topic 606. The transaction price identified in the contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contract modifications for changes to services provided are routine throughout the term of our contracts. In most instances, contract modifications are for the addition or reduction of services that are distinct, and price changes are based on the stand-alone selling price of the service and, as such, are accounted for on a prospective basis as a new contract.

Goods and services are sold individually, or a contract may include multiple goods or services. For contracts with multiple goods and services, the transaction price identified in the contract is allocated to each performance obligation using the stand-alone selling price of each distinct good or service in the contract.

Certain customers of the Company may receive cash-based rebates based on volume of sales, which are accounted for as variable consideration. Potential rebates are considered at contract inception in our estimate of transaction price based on the estimated projection of sales volume. Estimates are reassessed quarterly.

Performance obligations are satisfied either over time as services are performed or at a point in time. Substantially all of our service revenue is recognized over time. For services transferred over time, the Company has elected the practical expedient to recognize revenue based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are provided evenly over the month and are substantially the same over the life of the contract. As the Company has elected the practical expedients detailed at ASC 606-10-50-13, revenue for these unsatisfied performance obligations that will be billed in future periods has not been disclosed.

As of March 31, 2019, our estimated revenue, including a financing component, expected to be recognized in the future related to performance obligations associated with customer contracts that are unsatisfied (or partially unsatisfied) is $39.3 million. Approximately 80% of this revenue is related to IRU contracts associated with the SEA-US. Certain IRU contracts extend for periods of up to 30 years and are invoiced at the beginning of the contract term. The revenue from such contracts is recognized over time as services are provided over the contract term. The expected revenue to be recognized for existing IRU contracts is as follows:

(dollars in millions)		
Nine months ended December 31, 2019	$	2.0
2020		2.6
2021		2.5
2022		2.6
2023		2.5
Thereafter		27.1

Entertainment and Communications

The Company has identified four distinct performance obligations in the Entertainment and Communications segment, namely Data, Voice, Video and Other. For each of the Data, Voice and Video services, service is delivered to the customer continuously and in a substantially similar manner for each period of the agreement, the customer takes full control over the services as the service is delivered, and as such Data, Voice and Video are identified to be a series of distinct services. Services provided by the Entertainment and Communications segment can be categorized into three main categories that include Consumer/SMB, Enterprise Fiber and Legacy, each of which may include one or more of the aforementioned performance obligations. Data services include high-speed internet access, digital subscriber lines, ethernet, routed network services, SONET (Synchronous Optical Network), dedicated internet access, wavelength, digital signal and IRU revenue. Voice services include traditional and fiber voice lines, switched access, digital trunking and consumer long distance calling. Video services are offered through our fiber network to consumer and enterprise customers based on various standard plans with the opportunity to add premium channels. To receive video services, customers are required to use the Company's set top boxes that are billed as part of the monthly recurring service. Set top boxes are not considered a separate performance obligation from video because the equipment is necessary for the service to operate and the customer has no alternative use for the equipment.

Services and products not included in Data, Voice or Video are included in Other revenue and are comprised of wire care, wire time and materials projects and advertising. Transfer of control of these services and products is evaluated on an individual project basis and can occur over time or at a point in time.

The Company uses multiple methods to determine stand-alone selling prices in the Entertainment and Communications segment. For Data, Video and Voice products in Consumer/SMB, market rate is the primary method used to determine stand-alone selling prices. For Data performance obligations under the Enterprise Fiber category, and Voice, Data and Other performance obligations under the Legacy category, stand-alone selling prices are determined based on a list price, discount off of list price, a tariff rate, a margin percentage range, or a minimum margin percentage.

IT Services and Hardware

The Company has identified four distinct performance obligations in the IT Services and Hardware segment. These performance obligations are Communications, Cloud, Consulting and Infrastructure Solutions. Communications services are monthly services that include data and VoIP services, tailored solutions that include converged IP communications of data, voice, video and mobility applications, enterprise long distance, MPLS (Multi-Protocol Label Switching) and conferencing services. Cloud services include storage, backup, disaster recovery, SLA-based monitoring and management, cloud computing and cloud consulting. Consulting services provide customers with IT staffing, consulting and emerging technology solutions. Infrastructure Solutions includes the sale of hardware and maintenance contracts as well as installation projects.

For the sale of hardware, the Company evaluated whether it is the principal or the agent. The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services. Based on this assessment, the performance obligation is to arrange a sale of hardware between the manufacturer and the customer. In the instance where there is an issue with the hardware, the Company coordinates with the manufacturer to facilitate a return in accordance with the standard manufacturer warranty. Hardware returns are not significant to the Company.

Within the IT Services and Hardware segment, stand-alone selling prices for the four performance obligations are determined based on either a margin percentage range, minimum margin percentage or standard price list.

For hardware sales, revenue is recognized net of the cost of product. For hardware sales within Infrastructure Solutions, revenue is recognized when the hardware is shipped. For certain projects within Communications and Consulting, revenue is recognized when the customer communicates acceptance of the services performed. For contracts with freight on board shipping terms, management has elected to account for shipping and handling as activities to fulfill the promise to transfer the good, and therefore, has not evaluated whether shipping and handling activities are promised services to its customers.

Contract Balances

The Company recognizes incremental fulfillment costs as an asset when installation expenses are incurred as part of performing the agreement for Voice, Video and Data product offerings in the Entertainment and Communications segment in which the contract life is longer than one year. These fulfillment costs are amortized ratably over the expected life of the customer, which is representative of the expected period of benefit of the asset capitalized. The expected life of the customer is determined utilizing the average churn rate for each product. The Company calculates average churn based on the historical average customer life. We also recognize an asset for incremental fulfillment costs for certain Communications services in the IT Services and Hardware segment that require us to incur installation and provisioning expenses. The asset recognized for Communication services is amortized over the average contract life. Churn rates and average contract life are reviewed on an annual basis. Fulfillment costs are capitalized to “Other noncurrent assets.” The related amortization expense is recorded to “Cost of services and products.”

The Company recognizes an asset for the incremental costs of acquiring a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs related to Voice, Video, Data and certain Communications and Cloud services meet the requirements to be capitalized. The contract asset established for the costs of acquiring a contract is recorded to “Other noncurrent assets.” Sales incentives are amortized ratably over the period that services are delivered using either an average churn rate or average contract term, both representative of the expected period of benefit of the asset capitalized. Customer churn rates and average contract term assumptions are reviewed on an annual basis. The related amortization expense is recorded to “Selling, general and administrative.”

Management has elected to use the practical expedient detailed in ASC 340-40-25-4 to expense any costs to fulfill a contract and costs to obtain a contract as they are incurred when the amortization period would have been one year or less. This practical expedient has been applied to fulfillment costs that include installation costs associated with wiring projects and certain Cloud services. In addition, this practical expedient has been applied to acquisition costs associated with revenue from certain Communications projects.

The following table presents the activity for the Company’s contract assets:

	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	**Entertainment and Communications**	**IT Services and Hardware**	**Total Company**	**Entertainment and Communications**	**IT Services and Hardware**	**Total Company**	**Entertainment and Communications**	**IT Services and Hardware**	**Total Company**
Balance as of December 31, 2018	$ 14.5	$ 2.5	$ 17.0	$ 13.0	$ 2.0	$ 15.0	$ 27.5	$ 4.5	$ 32.0
Additions	0.9	0.7	1.6	2.5	0.4	2.9	3.4	1.1	4.5
Amortization	(2.9)	(0.4)	(3.3)	(2.1)	(0.3)	(2.4)	(5.0)	(0.7)	(5.7)
Balance as of March 31, 2019	$ 12.5	$ 2.8	$ 15.3	$ 13.4	$ 2.1	$ 15.5	$ 25.9	$ 4.9	$ 30.8

The Company recognizes a liability for cash received upfront for IRU contracts. At March 31, 2019 and December 31, 2018, $1.5 million and $1.4 million, respectively, of contract liabilities were included in "Other current liabilities." At March 31, 2019 and December 31, 2018, $27.8 million and $28.0 million, respectively, of contract liabilities were included in "Other noncurrent liabilities."

Disaggregated Revenue

The following table presents revenues disaggregated by product and service lines.

	Three Months Ended March 31,	
(dollars in millions)	**2019**	**2018**
Data	$ 117.5	$ 84.9
Video	51.7	39.2
Voice	73.4	47.0
Other	7.7	3.1
Total Entertainment and Communications	250.3	174.2
Consulting	38.9	31.3
Cloud	24.4	22.6
Communications	47.4	40.6
Infrastructure Solutions	25.6	33.1
Total IT Services and Hardware	136.3	127.6
Intersegment revenue	(7.0)	(6.1)
Total revenue	$ 379.6	$ 295.7

In the first quarter of 2019, the Company determined that certain revenue in the IT Services and Hardware segment associated with nonrecurring projects is better aligned with Infrastructure Solutions, rather than Consulting, where it was previously reported. As a result, the Company reclassed revenue of $6.8 million from Consulting to Infrastructure Solutions for the three months ended March 31, 2018. This reclassification of revenue had no impact on the Condensed Consolidated Statements of Operations.

The following table presents revenues disaggregated by contract type.

	Three Months Ended March 31,							
(dollars in millions)	**Entertainment and Communications**		**IT Services and Hardware**		**Intersegment revenue elimination**		**Total**	
	2019	2018	2019	2018	2019	2018	2019	2018
Products and Services transferred at a point in time	$ 8.1	$ 4.8	$ 27.5	$ 35.3	$ —	$ —	$ 35.6	$ 40.1
Products and Services transferred over time	236.2	164.2	107.8	91.4	—	—	344.0	255.6
Intersegment revenue	6.0	5.2	1.0	0.9	(7.0)	(6.1)	—	—
Total revenue	$ 250.3	$ 174.2	$ 136.3	$ 127.6	$ (7.0)	$ (6.1)	$ 379.6	$ 295.7

4. Mergers and Acquisitions

Acquisition of Hawaiian Telcom Holdco, Inc.

On July 2, 2018, the Company acquired Hawaiian Telcom Holdco, Inc. for cash consideration of $218.3 million, stock consideration of $121.2 million and debt repayments, including accrued interest, of $318.2 million. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communication services and products in the state. With the acquisition, the Company gains access to both Honolulu, a well-developed, fiber-rich city, as well as the growing neighbor islands. The companies' combined fiber networks are approximately 16,700 fiber route miles.

The purchase price for Hawaiian Telcom consisted of the following:

(dollars in millions)		
Cash consideration plus debt assumed	$	536.5
Cincinnati Bell Inc. stock issued		121.2
Debt repayment		(318.2)
Total purchase price	$	339.5

In order to fund the acquisition, the Company utilized proceeds of $350.0 million from the 8% Senior Notes due 2025 ("8% Notes"), $16.5 million of the cash that was previously restricted to fund interest payments on the 8% Notes, drew $35.0 million on the revolving credit facility and $154.0 million on the accounts receivable securitization facility (see Note 6). In conjunction with the acquisition, the Company issued 7.7 million Common Shares at a price of $15.70 per share as stock consideration. The Company recorded a total of $27.7 million in acquisition expenses related to the acquisition of Hawaiian Telcom, of which $0.5 million and $1.6 million were recorded in the three months ended March 31, 2019 and 2018, respectively. These expenses are recorded in "Transaction and integration costs" on the Condensed Consolidated Statements of Operations.

Purchase Price Allocation and Other Items

The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is incomplete for the Hawaiian Telcom transaction. The purchase price allocations, based on fair value estimates, may change in future periods as customary post-closing reviews are concluded during the measurement period, and the fair value estimates of assets and liabilities and certain tax aspects of the transaction are finalized.

The purchase price for Hawaiian Telcom has been currently allocated to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Hawaiian Telcom
Assets acquired	
Cash	$ 4.3
Receivables	25.5
Inventory, materials and supplies	6.9
Prepaid expenses and other current assets	5.9
Property, plant and equipment	701.5
Goodwill	9.6
Intangible assets	52.0
Deferred income tax asset	43.8
Other noncurrent assets	2.1
Total assets acquired	851.6
Liabilities assumed	
Accounts payable	59.2
Current portion of long-term debt	10.2
Unearned revenue and customer deposits	13.5
Accrued expenses and other current liabilities	21.8
Long-term debt, less current portion	304.5
Pension and postretirement benefit obligations	68.9
Other noncurrent liabilities	34.0
Total liabilities assumed	512.1
Net assets acquired	$ 339.5

During the first quarter of 2019, the Company recorded immaterial measurement period adjustments for Hawaiian Telcom. The offset of these adjustments were recorded as an increases to "Goodwill."

The estimated fair value of identifiable intangible assets and their estimated useful lives are as follows:

	Hawaiian Telcom	
(dollars in millions)	Fair Value	Useful Lives
Customer relationships	$ 26.0	15 years
Trade name	26.0	15 years
Total identifiable intangible assets	$ 52.0	

Identifiable intangible assets are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

Pro Forma Information (Unaudited)

The following table provides the unaudited pro forma results of operations for the three months ended March 31, 2018 as if the acquisition of Hawaiian Telcom had taken place as of the beginning of fiscal year 2017. These proforma results include adjustments related to the financing of the acquisition, an increase to depreciation and amortization associated with the higher values of property, plant and equipment and intangible assets, an increase to interest expense for the additional debt incurred to complete the acquisition, and other various related income tax effects.

The pro forma information does not necessarily reflect the actual results of operations had the acquisition been consummated at the beginning of the annual reporting period indicated, nor is it necessarily indicative of future operating results. The pro forma information does not include any (i) potential revenue enhancements, cost synergies or other operating efficiencies that could result from the acquisition or (ii) transaction or integration costs relating to the acquisition.

(dollars in millions, except per share amounts)	Three Months Ended March 31, 2018
Revenue	$ 384.9
Net loss applicable to common shareholders	(14.3)
Earnings per share:	
Basic and diluted loss per common share	$ (0.29)

5. Goodwill and Intangible Assets

Goodwill

The changes in the Company's goodwill consisted of the following:

(dollars in millions)	IT Services and Hardware		Entertainment and Communications		Total Company	
Goodwill, balance as of December 31, 2018	$	146.0	$	11.0	$	157.0
Activity during the year:						
Adjustments to prior year acquisitions		—		0.8		0.8
Currency translations		0.8		—		0.8
Goodwill, balance as of March 31, 2019	$	146.8	$	11.8	$	158.6

No impairment losses were recognized in goodwill for the three months ended March 31, 2019 and 2018.

Intangible Assets

The Company's intangible assets consisted of the following:

	March 31, 2019						December 31, 2018					
(dollars in millions)	Gross Carrying Amount (a)		Accumulated Amortization		Net Amount		Gross Carrying Amount (a)		Accumulated Amortization		Net Amount	
Customer relationships	$	140.0	$	(20.5)	$	119.5	$	139.4	$	(17.8)	$	121.6
Trade names		40.9		(3.5)		37.4		40.7		(2.8)		37.9
Technology		9.8		(1.5)		8.3		9.9		(1.3)		8.6
Total	$	190.7	$	(25.5)	$	165.2	$	190.0	$	(21.9)	$	168.1

(a) Change in gross carrying amounts is due to foreign currency translation on certain intangible assets.

Amortization expense for intangible assets was $3.6 million and $2.6 million for the three months ended March 31, 2019 and 2018, respectively. No impairment losses were recognized for the three months ended March 31, 2019 and 2018.

The estimated useful lives for each intangible asset class are as follows:

Customer relationships	8	to	15	years
Trade names	10	to	15	years
Technology			10	years

The annual estimated amortization expense for future years is as follows:

(dollars in millions)		
Nine months ended December 31, 2019	$	11.0
2020		14.4
2021		14.1
2022		13.9
2023		13.5
Thereafter		98.3
Total	$	165.2

6. Debt and Other Financing Arrangements

The Company’s debt consists of the following:

(dollars in millions)	March 31, 2019	December 31, 2018
Current portion of long-term debt:		
Credit Agreement - Tranche B Term Loan due 2024	$ 6.0	$ 6.0
Other financing arrangements	1.1	0.8
Capital lease obligations	15.3	13.4
Current portion of long-term debt	22.4	20.2
Long-term debt, less current portion:		
Receivables Facility	175.8	176.6
Credit Agreement - Revolving Credit Facility	15.0	18.0
Credit Agreement - Tranche B Term Loan due 2024	591.0	592.5
7 1/4% Senior Notes due 2023	22.3	22.3
7% Senior Notes due 2024	625.0	625.0
8% Senior Notes due 2025	350.0	350.0
Various Cincinnati Bell Telephone notes	87.9	87.9
Other financing arrangements	2.0	2.3
Capital lease obligations	65.4	60.5
	1,934.4	1,935.1
Net unamortized premium	1.6	1.7
Unamortized note issuance costs	(26.1)	(27.2)
Long-term debt, less current portion	1,909.9	1,909.6
Total debt	$ 1,932.3	$ 1,929.8

Credit Agreement

The Company had $15.0 million of outstanding borrowings on the Credit Agreement's revolving credit facility, leaving $185.0 million available for borrowings as of March 31, 2019. This revolving credit facility expires in October 2022.

Accounts Receivable Securitization Facility

Under the terms of the accounts receivable securitization facility ("Receivables Facility"), the maximum borrowing limit for loans and letters of credit is $225.0 million in the aggregate. The available borrowing capacity is calculated monthly based on the quantity and quality of outstanding accounts receivable, and thus may be lower than the maximum borrowing limit. As of March 31, 2019, the available borrowing capacity was $187.1 million. Of the total borrowing capacity of $187.1 million at March 31, 2019, there were $175.8 million of outstanding borrowings and $9.9 million of outstanding letters of credit, leaving $1.4 million remaining availability from the total borrowing capacity. The Receivables Facility is subject to renewal every 364 days and has a termination date to May 2021. The Company expects to complete the next renewal period in May 2019.

Under the agreement, certain U.S. and Canadian subsidiaries, as originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC (“CBF”) or Cincinnati Bell Funding Canada Ltd. ("CBFC"), wholly-owned consolidated subsidiaries of the Company. Although CBF and CBFC are wholly-owned consolidated subsidiaries of the Company, CBF and CBFC are 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 or CBFC, such accounts receivable are legally assets of CBF and CBFC and, as such, are not available to creditors of other subsidiaries or the parent company. The Receivables Facility includes an option to sell certain receivables on a non-recourse basis. As of March 31, 2019, the Company sold approximately $16.3 million of certain accounts receivables.

Other Installment Financing Arrangements

The Company has other installment financing arrangements that are recorded in "Other current liabilities" and "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets.

The IT Services and Hardware segment entered into a lease in June 2018 for a building to use in its data center operations. Structural improvements were made to the leased facility in excess of normal tenant improvements and, as such, we are deemed the accounting owner of this facility. As of March 31, 2019 and December 31, 2018, the liability related to this financing arrangement was $4.5 million, which was recognized within "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets.

Prior to the acquisition of Hawaiian Telcom in July 2018, Hawaiian Telcom had an open dispute related to jointly-owned utility poles. In October 2018, the Company entered into the Pole License Agreement that provided for the transfer of the Company's ownership responsibility of the utility poles to Hawaiian Electric Company (HEC) and for the Company to pay a fixed annual fee to HEC for continued use of the poles. Due to the continuing involvement by the Company, this transaction did not meet the requirements to be accounted for as a sale-leaseback, and therefore it has been treated as a financing obligation. As of March 31, 2019, the Company has a liability recorded of $39.8 million, of which $1.0 million is recognized within "Other current liabilities" and $38.8 million is recognized within "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets. As of December 31, 2018, the Company has a liability recorded of $40.1 million, of which $1.0 million is recognized within "Other current liabilities" and $39.1 million is recognized within "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets.

7. Leases

Lessee Disclosures

The Company primarily leases real estate for offices, retail stores and central offices, as well as equipment, cell towers and fleet vehicles. The Company leases its real estate for terms between 1 and 55 years, its equipment for terms between 1 and 6 years, its cell towers for terms between 4 and 21 years and its vehicles for terms of 5 years. Our leases have various expiration dates through 2066, some of which include options to extend the leases for up to 15 years, and some of which include options to terminate the leases within one year.

Upon adoption, the Company elected not to recognize leases with terms of one-year or less on the balance sheet. The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Supplemental unaudited balance sheet information relate to the Company's leases were as follows:

(dollars in millions)	Balance Sheet Location	March 31, 2019
Operating lease assets, net of amortization	Operating lease right-of-use assets	$ 37.2
Finance lease assets, net of amortization	Property, plant and equipment, net	28.1
Operating lease liabilities:		
Current operating lease liabilities	Other current liabilities	9.8
Noncurrent operating lease liabilities	Operating lease liabilities	34.5
Total operating lease liabilities		44.3
Finance lease liabilities:		
Current finance lease liabilities	Current portion of long-term debt	15.3
Noncurrent finance lease liabilities	Long-term debt, less current portion	65.4
Total finance lease liabilities		$ 80.7

The components of lease expense was as follows:

(dollars in millions)	Three Months Ended March 31, 2019
Operating lease cost	$ 3.1
Short-term lease cost	0.1
Variable lease cost	0.5
Finance lease cost:	
Depreciation on leased assets	1.9
Interest on lease liabilities	1.2
Total lease cost	$ 6.8

Under ASC 840 the Company recorded lease expense of $3.3 million for the three months ended March 31, 2018.

Other information related to leases were as follows:

(dollars in millions)	Three Months Ended March 31, 2019
Supplemental Cash Flows Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 1.2
Operating cash flows from operating leases	3.2
Financing cash flows from finance leases	3.0
Right-of-use assets obtained in exchange for lease obligations:	
New operating leases	1.3
New finance leases	9.8
Weighted Average Remaining Lease Term	
Operating leases	8.21 years
Finance leases	7.59 years
Weighted Average Discount Rate	
Operating leases	7.08%
Finance leases	6.86%

Future minimum lease payments under non-cancellable leases as of March 31, 2019 are as follows:

(dollars in millions)	Operating Leases	Finance Leases
Nine months ended December 31, 2019	$ 12.7	$ 19.5
2020	10.3	17.3
2021	6.3	13.2
2022	4.7	8.1
2023	4.2	7.4
Thereafter	23.0	40.9
Total future minimum lease payments	61.2	106.4
Less imputed interest	(15.6)	(25.7)
Total	$ 45.6	$ 80.7

As of March 31, 2019, we have additional operating leases for buildings that have not yet commenced for $1.3 million. These operating leases will commence in the second quarter of 2019 with lease terms of up to 5 years.

Lessor Disclosures

The Company has operating leases related to its dark fiber arrangements for terms between 3 and 29 years. Our leases have various expiration dates through 2046, some of which include options to extend the lease. During the three months ended March 31, 2019, the Company recorded $0.8 million in lease income related to operating lease payments.

The Company owns the underlying assets associated with its operating leases and records them in "Property, plant and equipment, net" on the Condensed Consolidated Balance Sheets.

Future minimum lease payments to be received under non-cancellable leases as of March 31, 2019 are as follows:

(dollars in millions)	Operating Leases
Nine months ended December 31, 2019	$ 2.4
2020	3.1
2021	2.4
2022	1.7
2023	1.7
Thereafter	18.6
Total future minimum lease payments	29.9
Less imputed interest	(11.0)
Total	$ 18.9

8. Financial Instruments and Fair Value Measurements

Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1 — Quoted market prices for identical instruments in an active market;

Level 2 — Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs); and

Level 3 — Unobservable inputs that reflect management's determination of assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including our own data.

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Interest Rate Swaps

The Company uses interest rate swap agreements to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Interest rate swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between parties.

In the second quarter of 2018, the Company entered into one forward starting non-amortizing interest rate swap with a notional amount of $300.0 million to convert variable rate debt to fixed rate debt. The interest rate swap became effective in June 2018 and expires in June 2023. The interest rate swap results in interest payments based on an average fixed rate of 2.938% plus the applicable margin per the requirements in the Credit Agreement (see Note 6).

In the three months ended March 31, 2019, the Company entered into three forward starting non-amortizing interest rate swaps, with a notional amount of $89.0 million each, to convert variable rate debt to fixed rate debt. The interest rate swaps became effective in March 2019 and expire in March 2024. The interest rate swaps result in interest payments based on an average fixed rate per swap of 2.275%, 2.244% and 2.328% plus the applicable margin per the requirements in the Credit Agreement (see Note 6).

During the next twelve months, the Company estimates that $1.4 million will be reclassified as an increase to interest expense.

The fair value of the Company's interest rate swaps are impacted by the the credit risk of both the Company and its counter-parties. The Company has agreements with its derivative financial instrument counter-parties that contain provisions providing that if the Company defaults on the indebtedness associated with its derivative financial instruments, then the Company could also be declared in default on its derivative financial instruments obligations. In addition, the Company minimizes nonperformance risk on its derivative instruments by evaluating the creditworthiness of its counter-parties, which are limited to major banks and financial institutions.

Upon inception, the interest rate swaps were designated as cash flow hedges under ASC 815, with gains and losses, net of tax, measured on an ongoing basis recorded in accumulated other comprehensive loss. The fair value of the interest rate swaps are categorized as Level 2 in the fair value hierarchy as they are based on well-recognized financial principles and available market data.

As of March 31, 2019, the fair value of the interest rate swaps was $8.8 million and is recorded in the Condensed Consolidated Balance Sheets as of March 31, 2019 as follows:

(dollars in millions)	Balance Sheet Location	March 31, 2019	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Assets:					
Interest Rate Swap	Other current assets	$ 0.3	$ —	$ 0.3	$ —
Liabilities:					
Interest Rate Swap	Other current liabilities	$ 1.7	$ —	$ 1.7	$ —
Interest Rate Swap	Other noncurrent liabilities	$ 7.4	$ —	$ 7.4	$ —

As of December 31, 2018, the fair value of the interest rate swap liability was $5.0 million and is recorded in the Condensed Consolidated Balance Sheets as of December 31, 2018 as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2018	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Liabilities:					
Interest Rate Swap	Other current liabilities	$ 1.2	$ —	$ 1.2	$ —
Interest Rate Swap	Other noncurrent liabilities	$ 3.8	$ —	$ 3.8	$ —

The amount of losses recognized in Accumulated Other Comprehensive Income ("AOCI") net of reclassifications into earnings is as follows:

(dollars in millions)	Three Months Ended March 31, 2019
Interest Rate Swap	$ 3.8

The amount of losses reclassified from AOCI into earnings is as follows:

(dollars in millions)	Statement of Operations Location	Three Months Ended March 31, 2019
Interest Rate Swap	Interest expense	$ (0.3)

Disclosure on Financial Instruments

The carrying values of the Company's financial instruments approximate the estimated fair values as of March 31, 2019 and December 31, 2018, except for the Company's long-term debt and other installment financing arrangements. The carrying and fair values of these items are as follows:

	March 31, 2019		December 31, 2018	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion*	$ 1,874.6	$ 1,772.7	$ 1,880.0	$ 1,673.6
Other installment financing arrangements	44.3	46.8	44.6	43.6

*Excludes capital leases, other financing arrangements 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 March 31, 2019 and December 31, 2018, which is considered Level 2 of the fair value hierarchy. The fair value of the other installment financing arrangements was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration, which is considered Level 3 of the fair value hierarchy. As of March 31, 2019, the current borrowing rate was estimated by applying the Company's credit spread to the risk-free rate for a similar duration borrowing.

9. Pension and Postretirement Plans

As of March 31, 2019, the Company sponsors three noncontributory defined benefit plans and a postretirement health and life insurance plan in Cincinnati (collectively the "Cincinnati Plans"), and one noncontributory defined benefit plan for union employees, one cash balance pension plan for nonunion employees, and two postretirement health and life insurance plans for Hawaiian Telcom employees (collectively the "Hawaii Plans").

In accordance with ASC 715, only the service cost component of net benefit cost is eligible for capitalization, which was immaterial for the three months ended March 31, 2019 and 2018.

For the three months ended March 31, 2019 and 2018, pension and postretirement benefit costs (benefits) were as follows:

	Three Months Ended March 31,			
	2019	2018	2019	2018
(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
Service cost	$ —	$ —	$ 0.2	$ 0.1
Other components of pension and postretirement benefit plans expense:				
Interest cost on projected benefit obligation	6.0	4.2	1.2	0.8
Expected return on plan assets	(7.8)	(6.2)	—	—
Amortization of:				
Prior service benefit	—	—	(0.6)	(0.8)
Actuarial loss	3.4	4.3	0.4	1.0
Total amortization	3.4	4.3	(0.2)	0.2
Pension / postretirement costs	$ 1.6	$ 2.3	$ 1.2	$ 1.1

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

Based on current assumptions, contributions are expected to be approximately $3 million to both the qualified and non-qualified pension plans in 2019. Management expects to make cash payments of approximately $11 million related to its postretirement health plans in 2019.

For the three months ended March 31, 2019, contributions to the pension plans were $1.1 million and contributions to the postretirement plans were $1.9 million. For the three months ended March 31, 2018, contributions to the pension plans were $1.3 million and contributions to the postretirement plan were $1.6 million.

10. 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, 2018	$ 9.5	$ 0.7	$ 10.2
Hawaiian Telcom opening balance sheet adjustment	0.1	—	0.1
Charges	3.3	—	3.3
Utilizations	(6.7)	(0.1)	(6.8)
Balance as of March 31, 2019	$ 6.2	$ 0.6	$ 6.8

Restructuring and severance charges recorded in the first quarter of 2019 are related to a voluntary severance program ("VSP") for certain management employees in the Entertainment and Communications segment as the Company continues its efforts to realize synergies that can be achieved due to the acquisition of Hawaiian Telcom.

Lease abandonment costs represent future minimum lease obligations, net of expected sublease income, for abandoned facilities. Lease payments on abandoned facilities will continue through 2020.

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, 2018	$ 8.6	$ 1.3	$ 0.3	$ 10.2
Hawaiian Telcom opening balance sheet adjustment	0.1	—	—	0.1
Charges	3.3	—	—	3.3
Utilizations	(6.3)	(0.5)	—	(6.8)
Balance as of March 31, 2019	$ 5.7	$ 0.8	$ 0.3	$ 6.8

At March 31, 2019 and December 31, 2018, $6.4 million and $9.6 million, respectively, of the restructuring liabilities were included in “Other current liabilities.” At March 31, 2019 and December 31, 2018, $0.4 million and $0.6 million, respectively, were included in "Other noncurrent liabilities."

11. Shareowners' Deficit

Accumulated Other Comprehensive Loss

For the three months ended March 31, 2019, the changes in accumulated other comprehensive loss by component were as follows:

(dollars in millions)	Unrecognized Net Periodic Pension and Postretirement Benefit Cost		Unrealized Loss on Cash Flow Hedges, Net		Foreign Currency Translation Loss	Total
Balance as of December 31, 2018	$ (164.5)		$ (3.9)		$ (7.1)	$ (175.5)
Reclassifications, net	2.5	(a)	0.2	(b)	—	2.7
Unrealized loss on cash flow hedges arising during the period, net	—		(3.1)	(c)	—	(3.1)
Foreign currency gain	—		—		1.6	1.6
Balance as of March 31, 2019	$ (162.0)		$ (6.8)		$ (5.5)	$ (174.3)

(a) These reclassifications are included in the other components of net periodic pension and postretirement benefit plans expense and represent amortization of prior service benefit and actuarial loss, net of tax. The other components of net periodic pension and postretirement benefit plans expense are recorded in "Other components of pension and postretirement benefit plans expense" on the Condensed Consolidated Statements of Operations. See Note 9 for further disclosures.

(b) These reclassifications are reported within "Interest expense" on the Condensed Consolidated Statements of Operations when the hedged transactions impact earnings.

(c) The unrealized loss, net on cash flow hedges represents the change in the fair value of the derivative instruments that occurred during the period, net of tax. This unrealized gain or loss is recorded in "Other current assets," "Other current liabilities" and "Other noncurrent liabilities" on the Condensed Consolidated Balance Sheets. See Note 8 for further disclosures.

12. Business Segment Information

The Company’s segments are strategic business units that offer distinct products and services and are aligned with the Company's internal management structure and reporting. The Company operates two business segments identified as Entertainment and Communications and IT Services and Hardware.

The Entertainment and Communications segment provides products and services that can be categorized as Data, Video, Voice or Other. Data products include high-speed internet access, digital subscriber lines, ethernet, SONET, dedicated internet access, wavelength, digital signal and IRU. Video services provide our customers access to over 400 entertainment channels, over 140 high-definition channels, parental controls, HD DVR, Video On-Demand and access to a live TV streaming application. Voice represents traditional voice lines as well as fiber voice lines, consumer long distance, switched access and digital trunking. Other services consists of revenue generated from wiring projects for enterprise customers, advertising, directory assistance, maintenance and information services.

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization. These solutions include Cloud, Communications and Consulting services along with the sale, installation and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions.

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:

(dollars in millions)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenue		
Entertainment and Communications	$ 250.3	$ 174.2
IT Services and Hardware	136.3	127.6
Intersegment	(7.0)	(6.1)
Total revenue	$ 379.6	$ 295.7
Intersegment revenue		
Entertainment and Communications	$ 6.0	$ 5.2
IT Services and Hardware	1.0	0.9
Total intersegment revenue	$ 7.0	$ 6.1
Operating income (loss)		
Entertainment and Communications	$ 24.5	$ 28.6
IT Services and Hardware	(6.8)	1.4
Corporate	(7.6)	(5.8)
Total operating income	$ 10.1	$ 24.2
Expenditures for long-lived assets*		
Entertainment and Communications	$ 51.1	$ 27.6
IT Services and Hardware	5.4	7.9
Total expenditures for long-lived assets	$ 56.5	$ 35.5
Depreciation and amortization		
Entertainment and Communications	$ 62.7	$ 40.9
IT Services and Hardware	16.7	10.2
Corporate	—	0.1
Total depreciation and amortization	$ 79.4	$ 51.2

* Includes cost of acquisitions

(dollars in millions)	March 31, 2019	December 31, 2018
Assets		
Entertainment and Communications	$ 1,907.4	$ 1,898.8
IT Services and Hardware	460.7	468.1
Corporate and eliminations	281.2	363.3
Total assets	$ 2,649.3	$ 2,730.2

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 March 31, 2019, and the results of operations for the three months ended March 31, 2019 and 2018. 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, 2018. 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") provide integrated communications and IT solutions that keep consumer and enterprise customers connected with each other and with the world. Through its Entertainment and Communications segment, the Company provides Data, Video, and Voice solutions to consumer and enterprise customers over an expanding fiber network and a legacy copper network. In addition, enterprise customers across the United States, Canada and Europe rely on the IT Services and Hardware segment for the sale and service of efficient, end-to-end communications and IT systems and solutions.

On July 2, 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"). The Unified Communications as a Service ("UCaaS"), hardware, and enterprise long distance products and services provided by the Hawaiian Telcom business are included within the IT Services and Hardware Segment. The Entertainment and Communications segment includes products delivered by Hawaiian Telcom such as high-speed internet access, digital subscriber lines, ethernet, dedicated internet access, indefeasible right of use ("IRU") contracts, video, voice lines, consumer long distance and digital trunking.

Consolidated revenue totaling $379.6 million for the three months ended March 31, 2019, increased $83.9 million compared to the same period in 2018 primarily due to the acquisition of Hawaiian Telcom. The acquisition of Hawaiian Telcom contributed $86.6 million of revenue in the three months ended March 31, 2019. Revenue growth from the acquisition was partially offset due to declines in Legacy revenue exceeding the growth in revenue from our fiber offerings. Fioptics revenue in Cincinnati increased $4.1 million for the three months ended March 31, 2019, compared to the same period in 2018. Legacy revenue in Cincinnati decreased $7.9 million for the three months ended March 31, 2019 compared to the same period in 2018.

Operating income was $10.1 million for the three months ended March 31, 2019, down $14.1 million compared to the prior year. The contribution from incremental Hawaiian Telcom revenue was offset by increased depreciation, amortization, and Selling, General and Administrative ("SG&A") expense, also related to the acquisition of Hawaiian Telcom.

Loss before income taxes totaled $26.6 million for the three months ended March 31, 2019, resulting in an increase in the loss as compared to the comparable period in 2018. In addition to the items impacting operating income, the increased loss before income taxes is primarily due to increased interest expense related to additional debt acquired to fund the acquisition of Hawaiian Telcom.

Consolidated Results of Operations

Revenue

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Revenue				
Entertainment and Communications	$ 244.3	$ 169.0	$ 75.3	45%
IT Services and Hardware	135.3	126.7	8.6	7%
Total revenue	$ 379.6	$ 295.7	$ 83.9	28%

Entertainment and Communications revenue increased for the three months ended March 31, 2019, primarily due to the acquisition of Hawaiian Telcom. Hawaiian Telcom revenue of $77.8 million, along with growth in Fioptics in Cincinnati, offset the declines experienced in Legacy revenue in Cincinnati. IT Services and Hardware revenue increased primarily due to the acquisition of Hawaiian Telcom, which contributed $8.8 million primarily in the Communications and the Cloud practices. Consulting revenue also increased in the three months ended March 31, 2019, but this growth was more than offset by declines in Infrastructure Solutions.

Operating Costs

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Cost of services and products				
Entertainment and Communications	$ 113.8	$ 76.5	$ 37.3	49%
IT Services and Hardware	83.9	72.9	11.0	15%
Total cost of services and products	$ 197.7	$ 149.4	$ 48.3	32%

Entertainment and Communications costs increased compared to the same period in the prior year as a result of the acquisition of Hawaiian Telcom. In addition, increases in video content costs due to higher rates charged by our content providers were offset by lower payroll related costs and lower operating taxes related to Cincinnati-based operations. Lower payroll related costs are related to headcount reductions made during restructuring initiatives that were executed in 2017 and 2018. IT Services and Hardware costs increased due to payroll related and contractor costs associated with resources utilized to support the revenue growth of $7.6 million in the Consulting practice for the three months ended March 31, 2019, as compared to the prior year. In addition, Hawaiian Telcom contributed $4.9 million to cost of services and products for the three months ended March 31, 2019.

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Selling, general and administrative				
Entertainment and Communications	$ 44.5	$ 27.1	$ 17.4	64 %
IT Services and Hardware	37.0	37.7	(0.7)	(2)%
Corporate	4.6	3.6	1.0	28 %
Total selling, general and administrative	$ 86.1	$ 68.4	$ 17.7	26 %

Entertainment and Communications SG&A costs increased in the three months ended March 31, 2019, compared to the same period in the prior year, primarily due to the acquisition of Hawaiian Telcom. Hawaiian Telcom contributed SG&A expense of $16.0 million. The remaining increase is due to an increase in the bad debt reserve for certain receivables with a carrier customer that filed for bankruptcy in the first quarter of 2019 whose collectibility is uncertain. IT Services and Hardware SG&A costs decreased in the three months ended March 31, 2019 compared to the prior year due to a decrease in payroll costs resulting from headcount reductions carried out in 2018. The decline in payroll costs more than offset additional SG&A of $2.5 million contributed by Hawaiian Telcom.

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Depreciation and amortization expense				
Entertainment and Communications	$ 62.7	$ 40.9	$ 21.8	53%
IT Services and Hardware	16.7	10.2	6.5	64%
Corporate	—	0.1	(0.1)	n/m
Total depreciation and amortization expense	$ 79.4	$ 51.2	$ 28.2	55%

Entertainment and Communications depreciation and amortization expense increased due to increased property, plant, and equipment and intangible assets obtained in the acquisition of Hawaiian Telcom. The increase in IT Services and Hardware depreciation and amortization expense is primarily related to accelerated depreciation for certain network assets that were determined to have a shorter useful life due to a change in customer requirements.

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Other operating costs				
Restructuring and severance related charges	$ 3.3	$ 0.3	$ 3.0	n/m
Transaction and integration costs	3.0	2.2	0.8	36%
Total other operating costs	$ 6.3	$ 2.5	$ 3.8	n/m

Headcount-related restructuring and severance charges of $3.3 million recorded in the three months ended March 31, 2019 are related to costs incurred in order to recognize future synergies as the Company continues to identify efficiencies with the integration of Hawaiian Telcom.

Transaction and integration costs incurred in the first quarter of 2019, recorded as a Corporate expense, are primarily due to the continued integration of Hawaiian Telcom. Transaction and integration costs incurred in the first quarter of 2018, recorded as a Corporate expense, are due to the acquisition of OnX that closed in the fourth quarter of 2017, as well as costs incurred leading up to the acquisition of Hawaiian Telcom.

Non-operating Costs

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	$ Change	% Change
Non-operating costs				
Interest expense	$ 35.1	$ 30.8	$ 4.3	14 %
Other components of pension and postretirement benefit plans expense	2.6	3.3	(0.7)	(21)%
Other income, net	(1.0)	(0.4)	(0.6)	n/m
Income tax expense (benefit)	0.3	(1.2)	1.5	n/m

Interest expense increased for the three months ended March 31, 2019 compared to the same period in the prior year due to interest incurred on the amounts outstanding on the Receivables Facility and the Revolving Credit Facility used to partially fund the cash portion of the acquisition of Hawaiian Telcom. At March 31, 2018, there was no balance outstanding on the Receivables Facility or the Revolving Credit Facility.

Income tax expense increased year over year primarily due to an increase in the valuation allowance against nondeductible interest expense that the Company does not anticipate the ability to utilize in future years. This increase is partially offset by an increase in the loss before tax. The Company expects to use federal and state net operating loss carryforwards to substantially defray payment of federal and state tax liabilities in 2019.

Entertainment and Communications

The Entertainment and Communications segment provides products and services that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. 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 145 years. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of over 135 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu.

Consumer/SMB Fiber products include high-speed internet access, voice lines and video. The Company is able to deliver speeds of up to 30 megabits or more to approximately 76% of Greater Cincinnati and to approximately 35% of Hawaii's total addressable market.

Enterprise Fiber products include metro-ethernet, dedicated internet access, wavelength, IRU contracts, and small cell. As enterprise customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the preferred method of transport due to its ability to support multiple applications on a single physical connection.

Legacy products include traditional voice lines, consumer long distance, switched access, digital trunking, DSL, DS0, DS1, DS3 and other value-added services such as caller identification, voicemail, call waiting and call return.

	Three Months Ended March 31,			
(dollars in millions)	2019	2018	Change	% Change
Revenue:				
Data	$ 117.5	$ 84.9	$ 32.6	38 %
Video	51.7	39.2	12.5	32 %
Voice	73.4	47.0	26.4	56 %
Other	7.7	3.1	4.6	n/m
Total Revenue	250.3	174.2	76.1	44 %
Operating costs and expenses:				
Cost of services and products	115.3	77.6	37.7	49 %
Selling, general and administrative	44.5	27.1	17.4	64 %
Depreciation and amortization	62.7	40.9	21.8	53 %
Restructuring and severance charges	3.3	—	3.3	n/m
Total operating costs and expenses	225.8	145.6	80.2	55 %
Operating income	$ 24.5	$ 28.6	$ (4.1)	(14)%
Operating margin	9.8%	16.4%		(6.6) pts
Capital expenditures	$ 51.1	$ 27.6	$ 23.5	85 %

Entertainment and Communications, continued

Metrics information (in thousands):	March 31, 2019	2018	Change	% Change
Cincinnati				
Fioptics				
Data				
Internet FTTP*	207.6	187.8	19.8	11 %
Internet FTTN*	35.7	45.0	(9.3)	(21)%
Total Fioptics Internet	243.3	232.8	10.5	5 %
Video				
Video FTTP	115.2	118.1	(2.9)	(2)%
Video FTTN	24.0	28.2	(4.2)	(15)%
Total Fioptics Video	139.2	146.3	(7.1)	(5)%
Voice				
Fioptics Voice Lines	109.0	106.9	2.1	2 %
Fioptics Units Passed				
Units passed FTTP	477.6	440.5	37.1	8 %
Units passed FTTN	138.5	140.3	(1.8)	(1)%
Total Fioptics units passed	616.1	580.8	35.3	6 %
Enterprise Fiber				
Data				
Ethernet Bandwidth (Gb)	4,540	4,046	494	12 %
Legacy				
Data				
DSL	69.6	78.1	(8.5)	(11)%
Voice				
Legacy Voice Lines	218.0	251.4	(33.4)	(13)%

*Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

Entertainment and Communications, continued

Metrics information (in thousands):	March 31, 2019
Hawaii	
Consumer / SMB Fiber	
Data	
Internet FTTP*	52.7
Internet FTTN*	13.9
Total Consumer / SMB Fiber Internet	66.6
Video	
Video FTTP	33.5
Video FTTN	14.3
Total Consumer / SMB Fiber Video	47.8
Voice	
Consumer / SMB Fiber Voice Lines	30.3
Consumer / SMB Fiber Units Passed **	
Units passed FTTP	168.1
Units passed FTTN	73.4
Total Consumer / SMB Fiber units passed	241.5
Enterprise Fiber	
Data	
Ethernet Bandwidth (Gb)	2,413
Legacy	
Data	
DSL	47.2
Voice	
Legacy Voice Lines	192.8

*Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

** Includes units passed for both consumer and business on Oahu and neighboring islands.

Entertainment and Communications, continued

Revenue

	Three Months Ended March 31,					
	2019			2018		
	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total
Revenue						
Consumer / SMB Fiber *						
Data	$ 37.4	$ 7.9	$ 45.3	$ 34.4	$ —	$ 34.4
Video	40.2	11.5	51.7	39.2	—	39.2
Voice	9.2	2.8	12.0	9.1	—	9.1
Other	0.3	0.2	0.5	0.3	—	0.3
	87.1	22.4	109.5	83.0	—	83.0
Enterprise Fiber						
Data	21.1	9.2	30.3	20.8	—	20.8
Legacy						
Data	26.0	15.9	41.9	29.7	—	29.7
Voice	33.0	28.4	61.4	37.9	—	37.9
Other	3.5	3.7	7.2	2.8	—	2.8
	62.5	48.0	110.5	70.4	—	70.4
Total Entertainment and Communications revenue	$ 170.7	$ 79.6	$ 250.3	$ 174.2	$ —	$ 174.2

* Represents Fioptics in Cincinnati

Cincinnati Fioptics and Hawaii Consumer/SMB Fiber (collectively, "Consumer/SMB Fiber")

Consumer/SMB Fiber revenue increased by $26.5 million for the three months ended March 31, 2019 compared to the same period a year ago primarily due to revenue contributed by Hawaiian Telcom of $22.4 million. Hawaiian Telcom adds 47,800 video subscribers, 66,600 internet subscribers and 30,300 voice subscribers to the existing base of subscribers. The remaining revenue increase is due to increases in the subscriber base for internet and voice, as well as rate favorability for internet and video in Cincinnati. The internet subscriber base in Cincinnati continues to increase as we focus our attention on growing the internet FTTP subscriber base. The Average Revenue Per User ("ARPU") on a year to date basis increased for internet and video by 3% and 8%, respectively, compared to the prior year. ARPU increases are related to price increases for internet and video, as well as the change in the mix of subscribers for video.

Enterprise Fiber

Enterprise Fiber revenue increased for the three months ended March 31, 2019 compared to the same period in the prior year primarily due to incremental revenue of $9.2 million from Hawaiian Telcom, which includes revenue from the SEA-US cable, metro-ethernet and dedicated internet access. In addition, revenue increased due to enterprise customers migrating from legacy product offerings to higher bandwidth fiber solutions, as evidenced by the 12% increase in Ethernet Bandwidth in Cincinnati compared to the comparable period in the prior year.

Legacy

Legacy revenue increased for the three months ended March 31, 2019 compared to the same period a year ago due to incremental revenue from Hawaiian Telcom of $48.0 million. Hawaiian Telcom adds 47,200 DSL subscribers and 192,800 voice subscribers to the existing base of subscribers. Increased revenue generated by Hawaiian Telcom was partially offset by declines in revenue from both voice lines and DSL subscribers in Cincinnati. Voice lines in Cincinnati declined 13% as the traditional voice lines become less relevant. DSL subscribers in Cincinnati decreased by 11% as subscribers demand the higher speeds that can be provided by fiber. In addition, declines in DS0, DS1, DS3 and digital trunking have contributed to the revenue decline for these products in 2019 compared to the same period in the prior year as customers migrate away from these solutions to fiber-based solutions.

Entertainment and Communications, continued

Operating Costs and Expenses

Cost of services and products increased in the three months ended March 31, 2019 compared to same period in 2018 primarily due to the acquisition of Hawaiian Telcom. Hawaiian Telcom contributed $38.8 million to cost of services and products in the three months ended March 31, 2019. Excluding the increase associated with the acquisition of Hawaiian Telcom, cost of services and products decreased by $1.1 million. This decrease in the three months ended March 31, 2019 compared to the same period in 2018 is primarily due to lower payroll costs due to reduced headcount and lower overtime driven by efficiencies in the installation process. The reduced headcount is a result of the restructuring that took place in the prior two years. Payroll related decreases are partially offset by higher programming costs. Higher programming costs are the result of higher rates charged by content providers.

SG&A expenses increased by $17.4 million in the three months ended March 31, 2019 compared to the same period in the prior year primarily due to the acquisition of Hawaiian Telcom. Hawaiian Telcom contributed $16.0 million of SG&A expense in 2019. In addition to the increase contributed by Hawaiian Telcom, there were also increases in bad debt expense and advertising expense. The increase in bad debt expense is due to a reserve for certain receivables with a carrier customer that filed for bankruptcy in the first quarter of 2019. The increase in advertising expense is due to timing. These increases were partially offset by savings in contract services for synergies realized on certain contracts as a result of the acquisition of Hawaiian Telcom.

Depreciation and amortization expenses were up in the three months ended March 31, 2019 compared to the same period in the prior year due to the acquisition of Hawaiian Telcom. Hawaiian Telcom contributed $22.3 million of depreciation and amortization expense in the first quarter of 2019.

Restructuring and severance charges recorded in the three months ended March 31, 2019 are related to costs incurred in order to recognize future synergies as the Company continues to identify efficiencies with the integration of Hawaiian Telcom.

Capital Expenditures

	Three Months Ended March 31,					
	2019			2018		
	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *						
Construction	$ 9.2	$ 2.2	$ 11.4	$ 6.1	$ —	$ 6.1
Installation	11.5	4.1	15.6	7.5	—	7.5
Other	1.8	0.7	2.5	3.6	—	3.6
Total Consumer / SMB Fiber	22.5	7.0	29.5	17.2	—	17.2
Enterprise Fiber	2.2	1.7	3.9	4.5	—	4.5
Other	6.1	11.6	17.7	5.9	—	5.9
Total Entertainment and Communications capital expenditures	$ 30.8	$ 20.3	$ 51.1	$ 27.6	$ —	$ 27.6

* Represents Fioptics in Cincinnati

Capital expenditures in Cincinnati are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to extend the life of our fiber and copper networks. In the first quarter of 2019, we passed an additional 5,300 FTTP addresses in Cincinnati. As of March 31, 2019, the Company is able to provide its Fioptics services to 616,100 consumer and enterprise addresses, or 76% of our operating territory in Cincinnati. Cincinnati construction capital expenditures increased $3.1 million in the three months ended March 31, 2019, compared to the same period in 2018 due to the timing of capital expenditures, which does not necessarily coincide with the timing of when the door becomes available. Cincinnati installation capital expenditures increased $4.0 million in the three months ended March 31, 2019 compared to the same period in 2018 due to the timing of expenditures for customer premise equipment utilized for installations.

Entertainment and Communications, continued

Enterprise Fiber capital expenditures in Cincinnati are related to success-based fiber builds, including associated equipment, for enterprise and carrier projects to provide ethernet services. Other capital expenditures are related to IT projects, cable and equipment maintenance and capacity additions, real estate upgrades and maintenance, plus other minor capital purchases.

Capital expenditures in Hawaii for the three months ended March 31, 2019 were $20.3 million. Hawaii construction capital expenditures of $2.2 million relate to building out 1,000 new doors. Hawaii installation capital expenditures of $4.1 million primarily relate to new video and internet installations. Enterprise fiber capital in Hawaii is primarily driven by new ethernet customers. Hawaii capital expenditures classified as other include IT projects, real estate projects, road jobs or plant damage projects, and network upgrades or optimization projects.

IT Services and Hardware

The IT Services and Hardware segment provides end-to-end IT solutions, ranging from consulting to implementation to ongoing optimization of existing technology. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions. These services and products are provided through the Company's subsidiaries in various geographic areas throughout the United States, Canada and Europe. By offering a full range of equipment and strategic services in conjunction with the Company’s fiber and copper networks, the IT Services and Hardware segment provides our customers personalized solutions designed to meet their business objectives.

Cloud services include the design, implementation and on-going management of the customer’s infrastructure. This includes on-premise, public cloud and private cloud solutions. The Company assists customers with the risk assessment phase through an in-depth understanding of the customer’s business, as well as building and designing a solution using either the customer's existing infrastructure or new cloud based options that transform the way the customer does business.

Communications solutions help to transform the way our customers do business by connecting employees, customers, and business partners. By upgrading legacy technologies through customized build projects and reducing customer costs, the Company helps to transform the customer’s business. These services include Unified Communications as a Service ("UCaaS"), Software-Defined WAN ("SD-WAN"), Network as a Service ("NaaS"), Contact Center and Collaboration.

Using our experience and expertise, Infrastructure Solutions are tailored to our customers’ organizational goals. We offer a complete portfolio of services that provide customers with efficient and optimized IT solutions that are agile and responsive to their business and are integrated, simplified and manageable. Through consulting with customers, the Company will build a solution using standard manufacturer equipment to meet our customers’ specific requirements.

Consulting services help customers assess their business and technology needs and provide the talent needed to ensure success. The Company is a premier provider of application services and IT staffing.

IT Services and Hardware, continued

	Three Months Ended March 31,			
(dollars in millions)	**2019**	**2018**	**Change**	**% Change**
Revenue:				
Consulting	$ 38.9	$ 31.3	$ 7.6	24 %
Cloud	24.4	22.6	1.8	8 %
Communications	47.4	40.6	6.8	17 %
Infrastructure Solutions	25.6	33.1	(7.5)	(23)%
Total revenue	136.3	127.6	8.7	7 %
Operating costs and expenses:				
Cost of services and products	89.2	77.7	11.5	15 %
Selling, general and administrative	37.2	38.0	(0.8)	(2)%
Depreciation and amortization	16.7	10.2	6.5	64 %
Restructuring and severance related charges	—	0.3	(0.3)	n/m
Total operating costs and expenses	143.1	126.2	16.9	13 %
Operating income	$ (6.8)	$ 1.4	$ (8.2)	n/m
Operating margin	(5.0)%	1.1%		(6.1) pts
Capital expenditures	$ 5.4	$ 5.1	$ 0.3	6 %

Metrics information: (as of March 31, 2019)	**Communications**	**Communications**	**Communications**	**Consulting**
	Hosted UCaaS Profiles*	NaaS Locations	SD - WAN Locations	Billable Resources
	244,482	2,550	1,002	1,039

* Includes Hawaii Hosted UCaaS Profiles

Revenue

IT Services and Hardware segment revenue increased $8.7 million for the three months ended March 31, 2019, as compared to the same period in the prior year. Consulting and Communications are the main contributors to this revenue increase in 2019. Consulting revenue increased compared to the prior year due to obtaining significant new customers and projects throughout 2018. Communications revenue increased primarily due to the acquisition of Hawaiian Telcom, which contributed $5.9 million of revenue in the quarter. These increases are partially offset by lower Infrastructure Solutions revenue due to variability associated with the hardware reseller business.

Operating Costs and Expenses

IT Services and Hardware cost of services and products increased $11.5 million for the three months ended March 31, 2019, as compared to the same period in the prior year. In the three months ended March 31, 2019, Hawaiian Telcom contributed $6.8 million of additional expense to cost of services and products. The remaining increase in cost of services and products is primarily due to payroll and contractor costs associated with the incremental consulting revenue of $7.6 million.

SG&A decreased $0.8 million for the three months ended March 31, 2019, as compared to the same period in the prior year. Payroll costs decreased $3.6 million compared to the prior year due to restructuring initiatives that were carried out in 2018. This decrease was partially offset by expenses of $2.5 million contributed by Hawaiian Telcom.

Depreciation and amortization expenses increased $6.5 million for the three months ended March 31, 2019, as compared to the same period in the prior year due to accelerated depreciation expense for certain network assets designated for use by a specific customer. The network assets for which accelerated depreciation expense was incurred were determined to have a shorter useful life due to a change in the customer's requirements in the first quarter of 2019.

IT Services and Hardware, continued

Capital Expenditures

Capital expenditures are dependent on the timing of success-based projects. Capital expenditures in the first quarter of 2019 were primarily related to projects supporting the Cloud and Communications practices as well as $0.9 million for implementation work associated with internal software projects.

Financial Condition, Liquidity, and Capital Resources

As of March 31, 2019, the Company had $1,932.3 million of outstanding indebtedness and an accumulated deficit of $2,736.3 million. A significant amount of the Company's 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 $56.8 million and $58.5 million of cash flows from operations during the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019, the Company had $190.3 million of short-term liquidity, comprised of $3.9 million of cash and cash equivalents, $185.0 million of undrawn capacity on our Revolving Credit Facility, and $1.4 million available under the Receivables Facility.

The Receivables Facility permits maximum borrowings of up to $225.0 million and is subject to annual renewal. As of March 31, 2019, the Company had borrowings of $175.8 million and $9.9 million of letters of credit outstanding under the Receivables Facility on a borrowing capacity of $187.1 million. While we expect to continue to renew this facility, we would be required to use cash, our Revolving Credit Facility, or other sources to repay any outstanding balance on the Receivables Facility if it was 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 2018, cash was also utilized to fund 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 three months ended March 31, 2019 totaled $56.8 million, a decrease of $1.7 million compared to the same period in 2018. Hawaiian Telcom contributed operating cash flow of approximately $18 million, which was offset with higher interest payments associated with the incremental debt obtained to fund the acquisition, as well as lower working capital compared to the same period in the prior year.

Cash flows used in investing activities during the three months ended March 31, 2019 totaled $56.6 million, an increase of $21.0 million compared to the same period in 2018. The increase in cash flows used in investing activities was primarily driven by capital expenditures related to Hawaiian Telcom.

Cash flows used in financing activities during the three months ended March 31, 2019 totaled $11.8 million as compared to $8.0 million of cash flows used in the prior year. In the first quarter of 2019, the Company repaid $3.0 million on the Revolving Credit Facility and $0.8 million on the Receivables Facility as compared to no payments on either the Revolving Credit Facility or the Receivables Facility in the first quarter of 2018.

Indentures

The Company's Senior Notes are governed by indentures which contain 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 as of March 31, 2019.

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 dollars. As of March 31, 2019, 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 2018 for a complete description of regulatory matters.

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 accounting principles generally accepted in the United States. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance.

Future Operating Trends

Refer to the Company's Annual Report on Form 10-K for the year ended 2018 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, 2018.

Recently Issued Accounting Standards

Refer to Note 1 of the Condensed Consolidated Financial Statements for further information on recently issued accounting standards and the impact to the Condensed Consolidated Financial Statements as a result of adopting ASU 2016-02 effective January 1, 2019.

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, 2018 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 13a-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 first quarter of 2019 and have concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the first quarter of 2019 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, 2018 for a comprehensive listing of the Company's risk factors. There are no material changes for the three months ending March 31, 2019.

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

During the three month period ended March 31, 2019, the Company had no unregistered sales of equity securities. The Company also had no purchases of its common stock for the three months ended March 31, 2019.

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
(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 3.3 to Quarterly Report on Form 10-Q, Date of Report August 8, 2018, File No. 1-8519).
(10.1)+	Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2017 Long Term Incentive Plan) - 2019 version.
(10.2)+	Cincinnati Bell Inc. Form of 2019-2021 Share-Based Performance Unit Award Agreement (2017 Long Term Incentive Plan).
(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:	May 8, 2019	/s/ Andrew R. Kaiser
		Andrew R. Kaiser
		Chief Financial Officer
Date:	May 8, 2019	/s/ Shannon M. Mullen
		Shannon M. Mullen
		Chief Accounting Officer

RESTRICTED STOCK UNIT AWARD
UNDER THE PROVISIONS OF THE
CINCINNATI BELL INC.
2017 LONG-TERM INCENTIVE PLAN

Name of Employee: <u>**PARTICIPANT NAME**</u>
Award Date: <u>**GRANT DATE**</u>
Number of Restricted Stock Units: <u>**NUMBER OF AWARDS GRANTED**</u>

Under this agreement (this "Agreement") and pursuant to the provisions of the Cincinnati Bell Inc. 2017 Long-Term Incentive Plan, as in effect on the date noted above (the "Award Date") and as it may thereafter be amended (the "Plan"), the Compensation Committee of the Board of Directors (the "Compensation Committee") of Cincinnati Bell Inc. ("CBI" or "Company") hereby awards you the number shown above of restricted stock units of CBI (each a "Unit" and collectively the "Units").

This Agreement is subject to the following terms and to all of the terms of the Plan. In the case of any conflict between this Agreement and the Plan, the Plan shall control. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan. A copy of the Plan as in effect on the Award Date has been delivered to you.

1. <u>Units Subject to this Agreement</u>. This Agreement is made with respect to the number of Units shown above. Each Unit constitutes a right that you (or, in the event of your death prior to payment, the executor, administrator, or other personal representative of your estate) will receive one share, par value $.01 per share, of CBI (a "Share") if you vest in the Unit pursuant to paragraph 2, 3, 4, 5, or 6 hereof. There are no other rights provided you (or your estate or any other person) under any of the Units.

You shall not in any manner be the record or beneficial owner of any Shares, and you have no rights or privileges with respect to any Shares, until and unless Shares are delivered to you (or, in the event of your death prior to payment, the executor, administrator, or other personal representative of your estate) upon vesting in accordance with the provisions of this Agreement.

2. <u>Vesting Upon Passage of Time</u>. If you are continuously an "Employee" (as defined in paragraph 8 hereof) for the period that begins on the Award Date and ends on the third annual anniversary of the Award Date, then: (i) on the last day of such period you shall be deemed vested in all of the Units awarded you under this Agreement; and (ii) CBI shall distribute to you (or, in the event of your death prior to payment, the executor, administrator, or other personal representative of your estate) a number of Shares equal to the number of such Units in which you are vested (subject to the tax withholding requirements included in the Plan). Such distribution shall be made within 60 days of the date that you become vested, with the specific date within such 60 consecutive day period to be chosen by the Compensation Committee in its discretion.

3. <u>Vesting Upon Death</u>. If you die while an Employee of CBI and prior to you being deemed vested in any of the Units awarded you under this Agreement pursuant to paragraph 2, 4, 5, or 6 hereof, then: (i) on the date of your death you shall be deemed vested in the number of Units (rounded up to the nearest whole Unit) that bears the same ratio to the total number of Units awarded you under this Agreement as the number of days in the period that begins on the Award Date and ends on the date of your death bears to the number of days in

the period that begins on the Award Date and ends on the third annual anniversary of the Award Date; and (ii) within the 60 consecutive day period that begins on the date of your death, CBI shall distribute to the executor, administrator, or other personal representative of your estate a number of Shares equal to the number of Units in which you have become vested under this paragraph 3 (subject to the tax withholding requirements included in the Plan).

4. Vesting Upon Disability. If, prior to you being deemed vested in any of the Units awarded you under this Agreement pursuant to paragraph 2, 3, 5, or 6 hereof, you become Disabled (as defined in subsection 2.9 of the Plan) while you are an Employee of CBI, then (i) you shall be deemed vested in the number of Units (rounded up to the nearest whole Unit) that bears the same ratio to the total number of Units awarded you under this Agreement as the number of days in the period that begins on the Award Date and ends on the date you become Disabled bears to the number of days in the period that begins on the Award Date and ends on the third annual anniversary of the Award Date; and (ii) within the 60 consecutive day period that begins on the date on which you become Disabled, CBI shall distribute to you a number of Shares equal to the number of Units in which you have become vested under this paragraph 4 (subject to the tax withholding requirements included in the Plan). For the avoidance of doubt, to the extent the Units granted under this Award constitute "deferred compensation" for purposes of Section 409A of the Code, the conditions required to be met for you to be "Disabled" must also constitute a "disability" as defined in Treasury Regulation Section 1.409A-3(i)(4).

5. Retirement. If you terminate employment with the Company due to your Retirement (within the meaning of that term as defined below), then you will be deemed to be employed by the Company or one of its subsidiaries continuously for a period that begins on the Award Date and ends on the third annual anniversary of the Award Date for purposes of determining the extent to which and the date on which any Units will have vested. CBI shall distribute to you (or, in the event of your death prior to payment, the executor, administrator or other personal representative of your estate) a number of Shares equal to the number of such Units in which you become vested (but subject to the tax withholding requirements included in the Plan). Such distribution shall be made on a date that is within January 31, 2022 and April 1, 2022, with the specific date within such period on which such distribution will be made being chosen by the Compensation Committee in its discretion.

For purposes of this paragraph 5, "Retirement" means your termination of employment with the Company (a) at least one year after the Award Date, (b) after you have both attained at least age 55 and completed at least 10 years of employment with the Company, and (c) other than by reason of your fraud, misappropriation or embezzlement, gross insubordination, failure to perform in good faith your assigned duties, or any other reason for which a termination of employment would be deemed for "cause" under any employment agreement between you and the Company that is in effect at the time of your termination of employment with the Company.

6. Change in Control. If a Change in Control (as defined in the Plan) occurs, prior either to any distribution being made or forfeiture occurring under any of the foregoing provisions of this Agreement, then (i) the provisions of section 17 of the Plan shall be deemed incorporated into this Agreement and shall apply to this Agreement and (ii) the other parts of this Agreement shall be subject to the terms of section 17 of the Plan. For the avoidance of doubt, to the extent the Units granted under this Agreement constitute "deferred compensation" for

purposes of Section 409A of the Code, subsection 17.1, 17.2 and 17.3 of the Plan shall not apply.

7. Forfeiture. If you cease to be an Employee, then, except as provided in paragraphs 2, 3, 4, 5, and 6 hereof, the Units awarded under this Agreement shall be forfeited, and neither you nor your estate, or any other person attempting to claim rights under the Plan through you shall have any rights to Shares or other amounts by reason of such forfeited Units.

8. Employment. For purposes of this Agreement, you shall be deemed to be an "Employee" while, and only while, you are in the employ of the Company or any of its direct or indirect subsidiaries and considered such an employee under the policies and procedures (including the payroll and withholding procedures) of the Company and its subsidiaries. This Agreement does not constitute a contract of employment and does not give you the legal right to be continued as an Employee.

9. Interpretation. You acknowledge that the Compensation Committee has the authority to construe and interpret the terms of the Plan and this Agreement if and when any questions of meaning arise under the Plan or this Agreement, and any such construction or interpretation shall be binding on you, your heirs, executors, administrators, personal representatives and any other persons having or claiming to have an interest in the Units or Shares.

10. Withholding

(a) If you become vested in any Units that are awarded under a restricted stock unit award granted to you pursuant to the Plan, then CBI shall distribute to you (or, in the event of your death before the payment, the executor, administrator, or other personal representative of your estate) a number of Shares equal to the number of such Units in which you are vested (but subject to the tax withholding requirements included in the Plan).

(b) Any taxes required to be withheld upon you (or the executor, administrator, or other personal representative of your estate) becoming entitled to the distribution of any Shares in connection with Units awarded to you under this Agreement must be paid in full at the time of such distribution. The procedures for meeting such requirements shall be established under the provisions of section 15 of the Plan.

11. Section 409A. The Units granted to you under this Award shall be construed and administered so that they either (i) qualify for an exemption from the requirements of Section 409A of the Code or (ii) satisfy the requirements of Section 409A of the Code. If the Company determines after the Award Date that an amendment to this Award is necessary to ensure the foregoing, in furtherance of subsection 20.3(b) of the Plan, it may make such amendment, effective as of the Award Date or any later date it so deems, without your consent (provided that any such amendment shall be narrowly tailored to achieve such compliance with as limited deviation from the intent of this Award as of the date hereof as is practicable).

12. Notices. All notices and other communications to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, first class postage prepaid, and addressed as follows:

TO THE COMPANY: Cincinnati Bell Inc.
221 East Fourth Street
Cincinnati, Ohio 45202
Attention: Corporate Secretary

Any notice to the Employee or other person or persons succeeding to the Employee's interest must be delivered to the Employee or such other person or persons at the Employee's address on record with the Company or such other address as is specified in a notice filed with the Company.

13. Effect of Employment Agreement. Notwithstanding any of the provisions of the other parts of this Agreement, if the provisions of a written employment agreement between you and the Company or one of its direct or indirect subsidiaries would require for purposes of this Award that you be deemed to be employed by the Company or one of its subsidiaries until a date later than the actual date on which your employment terminates, then such employment agreement's provisions shall control (and shall be deemed an amendment to this Agreement and incorporated herein by reference); provided that your actual termination of employment with the Company or one of its subsidiaries occurs at least one year after the Award Date and only to the extent that such employment agreement's provisions do not apply in the case of a termination of employment following a Change in Control.

14. Amendment. Any amendment to this Agreement must be in writing, signed by a duly authorized representative of the Company. The Compensation Committee reserves the right to amend this Agreement in any way it deems necessary or advisable to carry out the purpose of the grant or to comply with applicable laws or regulations or any future law, regulation, interpretation, ruling, or judicial decision.

15. Miscellaneous. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Subject to the provisions of the Plan, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall be construed and interpreted in accordance with the laws of the State of Ohio. If any provisions of this Agreement shall be deemed to be invalid or void under any applicable law, the remaining provisions hereof shall not be affected thereby and shall continue in full force and effect.

IN ORDER TO GRANT THIS RESTRICTED STOCK UNIT AWARD, the Company and the Employee have caused this Agreement to be duly executed as of the dates noted below and, by signing below, agree to all of the terms of this Agreement.

EMPLOYEE **CINCINNATI BELL INC.**

Phillip R. Cox
Chairman, Board of Directors

Date: ACCEPTANCE DATE Date: January 31, 2019

CINCINNATI BELL INC.
2019-2021 SHARE-BASED PERFORMANCE UNIT AWARD AGREEMENT

This Share-based Performance Unit Award Agreement (this "Award") is made between Cincinnati Bell Inc. (the "Company" and, together with all of its subsidiary corporations and organizations, the "Employer") and PARTICIPANT NAME (the "Employee") and is effective as of GRANT DATE. By signing this Award, the Company and the Employee each agrees to all of the terms of this Award.

Share-based Performance Unit Award

Under and pursuant to the Cincinnati Bell Inc. 2017 Long-Term Incentive Plan, as in effect on the date noted above and as it may thereafter be amended, (the "Plan"), the Compensation Committee of the Company's Board of Directors (the "Committee") hereby, on behalf of the Company and subject to the Employee signing this Award and thereby agreeing to all of the terms of this Award, agrees that, to the extent required by and in accordance with the terms of this Award, the Company shall distribute the value of a number of Units (in the form of common shares of the Company ("Shares") to or with respect to the Employee.

For purposes of this Award, (a) a "Unit" is a measure that is used to determine the number of Shares that will be distributed to or with respect to the Employee under this Award and (b) the "value" of a Unit that is to be distributed under this Award shall be deemed to be equal to 100% of the fair market value (determined in accordance with the Plan's terms for determining fair market value) of one Share on the date of the distribution.

Terms Used In This Award

The following terms are used in determining the number of Units (if any) the value of which is to be distributed to or with respect to the Employee under this Award and shall have the meanings indicated below.

1. "Disability Termination" means, with respect to the Employee, the termination of the Employee's employment with the Employer because the Employee is unable to perform all of the duties of the Employee's then current position with the Employer due to a physical or mental condition, provided that such inability to perform such duties is reasonably expected to be permanent.

   a. The Committee must determine that all of the above conditions are met for the Employee to be deemed to have incurred a Disability Termination.

   b. In order to make such a determination, the Committee may in its discretion require that the Employee's condition of disability at the time of the Employee's termination of employment be certified by a physician chosen or approved by the Committee or that the Employee present evidence that the Employee has been determined by the U.S. Social Security Administration to have been disabled at the time of such termination of employment.

Notwithstanding the foregoing, to the extent the Units granted under this Award constitute "deferred compensation" for purposes of Section 409A of the Code (as defined in the Plan), the conditions required to be met for the Employee to incur a "Disability Termination" must also constitute a "disability" as defined in Treasury Regulation Section 1.409A-3(i)(4).

2. "Adjusted Unlevered Operating Cash Flow" means the Employer's Cash Flows from Operating Activities (as defined by U.S. GAAP) adjusted to exclude expenses related to (1) cash paid for interest on (a) all long-term debt, (b) capital lease obligations, and (c) other financing arrangements for the Performance Period (computed on the basis of the Employer's interest expense for purposes of the Employer's applicable income statements as determined in accordance with U.S. GAAP, less non-cash items); and (2) Transaction and Integration Costs.

3. "Adjusted Unlevered Operating Cash Flow Result" means the quotient produced by dividing (a) the Adjusted Unlevered Operating Cash Flow for the Performance Period by (b) the approved Adjusted Unlevered Operating Cash Flow goal for each Performance Period, with such quotient expressed as a percentage to the nearest one-tenth of one percent. For all purposes of this Award and section 17 of the Plan, an Adjusted Unlevered Operating Cash Flow Result of 100% shall be deemed the "target" Adjusted Unlevered Operating Cash Flow Result.

4. "Adjusted Unlevered Operating Cash Flow Result Percentage" means the Adjusted Unlevered Operating Cash Flow Result Percentage that is determined from the following table (which percentage is based on the Adjusted Unlevered Operating Cash Flow Result):

If Adjusted Unlevered Operating Cash Flow Result is:	**Then Adjusted Unlevered Operating Cash Flow Result Percentage is:**
Under 95%	0%
95%	50%
100% ("target" Adjusted Unlevered Operating Cash Flow Result)	100%
110%	125%
120% or greater	150%

If the Adjusted Unlevered Operating Cash Flow Result is between 95% and 100%, between 100% and 110%, or between 110% and 120% the Adjusted Unlevered Operating Cash Flow Result Percentage shall be interpolated from the above table (on the basis that the Adjusted Unlevered Operating Cash Flow Result Percentage increases from 50% to 100%, from 100% to 125%, and from 100% to 150% respectively on a linear basis), to the nearest one-tenth of one percent.

5. "Performance Period" means each period for which the value of Units may be calculated under this Award. The Performance Periods are:

a. "2019 Performance Period," which begins on January 1, 2019 and ends on December 31, 2019;

b. "2019-2020 Performance Period," which begins on January 1, 2019 and ends on December 31, 2020; and

c. “2019-2021 Performance Period,” which begins on January 1, 2019 and ends on December 31, 2021.

6. “Relative Total Shareholder Return” means the rank (by percentile) of the Company’s total shareholder return for the Performance Period when compared to the total shareholder return for the Performance Period of all companies in the Telecom Peer Group. For all purposes of this Award and section 17 of the Plan, a Relative Total Shareholder Return of at least 50th but not greater than the 60th percentile shall be deemed the “target” Relative Total Shareholder Return.

7. “Relative Total Shareholder Return Percentage” means the Relative Total Shareholder Return Percentage that is determined from the following table (which percentage is based on the Relative Total Shareholder Return):

If Relative Total Shareholder Return Is:	Then Relative Total Shareholder Return Percentage Is:
Less than 20th Percentile	0.0%
At least 20th Percentile but less than 30th Percentile	25.0%
At least 30th Percentile but less than 40th Percentile	50.0%
At least 40th Percentile but less than 50th Percentile	75.0%
At least 50th Percentile but less than 60th Percentile (“target” Relative Total Shareholder Return)	100.0%
At least 60th Percentile but less than 70th Percentile	112.5%
At least 70th Percentile but less than 80th Percentile	125.0%
At least 80th Percentile but less than 90th Percentile	137.5%
90th Percentile or greater	150.0%

8. “Retirement” means, with respect to the Employee, the Employee’s termination of employment with the Employer (a) at least one year after the effective date of this Award, (b) after the Employee has both attained at least age 55 and completed at least 10 years of employment with the Employer, and (c) other than by reason of the Employee’s fraud, misappropriation or embezzlement, gross insubordination, failure to perform in good faith the Employee’s assigned duties, or any other reason for which a termination of employment would be deemed for “cause” under any employment agreement between the Employee and the Employer that is in effect at the time of the Employee’s termination of employment with the Employer.

9. “Share-based Performance Unit Percentage” means, for the 2019 Performance Period, the 2019-2020 Performance Period, or the 2019-2021 Performance Period, the sum of (a) the Adjusted Unlevered Operating Cash Flow Result Percentage, determined for such Performance Period from the table for Adjusted Unlevered Operating Cash Flow Result Percentage above, multiplied by 70%, and (b) the Relative Total Shareholder Return Percentage, determined for such Performance Period from the table for Relative Total Shareholder Return Percentage above, multiplied by 30%.

10. “Target Number of Units” means NUMBER OF AWARDS GRANTED Units

11. “Telecom Peer Group” means the Telecommunications Peer Group approved by the Committee as in effect on the last day of the respective Performance Period.

12. “Transaction and Integration Costs” means the total amount of costs and expenses reflected on the Employer’s Consolidated Statement of Operations that the Committee determines factually relates to the sale, purchase, or integration of any business unit or subsidiary.

General Rules for Payment of and Conditions for Award

For purposes of this “General Rules for Payment of and Conditions for Award” part of the Award:

1. “payment date” means March 15, 2022 (or, if earlier, any date that occurs between January 1, 2022 and March 15, 2022 and that is chosen by the Company for payment of the amount, if any, to be distributed under this part of the Award); and

2. “payment eligible” means, with respect to the Employee, either (i) that the Employee is still employed by the Employer on the payment date, (ii) that the Employee’s employment with the Employer ended after the date as of which this Award became effective and before the payment date because of the Employee’s Retirement or Disability Termination, or (iii) that the Employee’s employment with the Employer ended after December 31, 2021 and before the payment date because of the Employee’s death.

Except as is otherwise provided in the following parts of this Award, the Company shall, on the payment date and provided that the Employee is payment eligible, distribute to the Employee (or, in the event the Employee has died by the time of the payment, the Employee’s beneficiary) the value of the number of Units determined by the following steps (with the final number of Units the value of which will be distributable being the number of Units determined from the result of step 4 below):

1. first multiplying (a) 50% of the Target Number of Units by (b) the Share-based Performance Unit Percentage for the 2019 Performance Period;

2. second multiplying (a) 25% of the Target Number of Units by (b) the Share-based Performance Unit Percentage for the 2019-2020 Performance Period;

3. third multiplying (a) 25% of the Target Number of Units by (b) the Share-based Performance Unit Percentage for the 2019-2021 Performance Period; and

4. fourth (and last), by adding the results of steps 1, 2, and 3 above.

The Committee shall verify (and report to the Company) the resulting number of Units the value of which will be distributed by the Company to the Employee pursuant to this Award within a reasonable period after the end of the 2019-2021 Performance Period (but in no event later than the start of the first March 15 that occurs after the end of the 2019-2021 Performance Period).

Special Rules for Payment of Award Upon Employee's Death Prior to 2022

Subject to the following parts of this Award, if the Employee dies (a) prior to January 1, 2022 and (b) while the Employee is still employed by the Employer, then the Company shall, within 60 days after the date of the Employee's death and in lieu of any other distribution being made under this Award, distribute to the Employee's beneficiary the value of a number of Units that is equal to the number of Units that would have been paid to the Employee if both (i) the Employee had survived and remained continuously employed by the Employer from the date on which this award is granted until at least March 15, 2022 and (ii) the result of each performance goal applicable to this Award was satisfied at this Award's "target" result for such goal (the result that gives a 100% percentage for applying such result under this Award).

Forfeiture of Award

Subject to the following parts of this Award, except for the value of such number of Units that the Company distributes pursuant to any of the foregoing parts of this Award, all of the Employee's rights under this Award, including the Employee's rights to receive any distribution under this Award (other than a distribution required to be made under any of the foregoing parts of this Award), automatically will be permanently forfeited upon the earliest of: (a) March 15, 2022; (b) the date that the Employee's employment with the Employer terminates for any reason; or (c) the date on which a distribution is made under any of the foregoing parts of this Award.

Special Rules for Change in Control

Notwithstanding any of the other parts of this Award, if a Change in Control (as is defined in the Plan) occurs prior either to any distribution being made or forfeiture occurring under any of the foregoing parts of this Award, then (i) the provisions of section 17 of the Plan shall be deemed incorporated into this Award and shall apply to this Award and (ii) the other parts of this Award shall be subject to the terms of section 17 of the Plan. For the avoidance of doubt, to the extent the Units granted under this Award constitute "deferred compensation" for purposes of Section 409A of the Code, subsection 17.1, 17.2 and 17.3 of the Plan shall not apply.

Employment Termination

For all purposes of this Award, the Employee's employment with the Employer shall be deemed to have terminated when the Employee's status as an employee on an active employee payroll maintained by the Employer for payment and withholding purposes ends.

Beneficiary

For all purposes of this Award, the Employee's "beneficiary" shall be the person or entity designated by the Employee, in a writing delivered prior to the Employee's death to the Company's Corporate Secretary, to be the Employee's beneficiary under this Award.

Should the Employee die prior to designating a beneficiary, then the Employee's beneficiary for purposes of this Award shall be deemed to be the Employee's surviving spouse or, if none, the Employee's estate.

Effect of Employment Agreement

Notwithstanding any of the provisions of the other parts of this Award, if the provisions of a written employment agreement between the Company and the Employee would require for purposes of this Award that the Employee be deemed to be employed by the Employer until a date later than the actual date on which the Employee's employment with the Employer terminates, then such employment agreement's provisions shall control (and shall be deemed an amendment to this Award and incorporated herein by reference); provided that the Employee's actual termination of employment with the Employer occurs at least one year after the effective date of this Award and only to the extent that such employment agreement's provisions do not apply in the case of a termination of employment following a Change in Control.

Payment in Shares

Notwithstanding any other provision of this Award to the contrary, the value of any Units that is required to be distributed under this Award on any date shall be made in Shares. The number of Shares to be distributed on such date shall be equal to the number of Shares that have a fair market value (determined as of such distribution date and in accordance with the Plan's terms for determining fair market value) equal to the value of the Units required to be distributed under this Award.

Distribution of Shares and Statements of Holding

For all purposes of this Award, the Company shall be deemed to have distributed Shares to the Employee (or the Employee's beneficiary) pursuant to this Award as of any date by transferring the ownership of such Shares on the Company's records to the Employee (or, if applicable, the Employee's beneficiary) on such date. Such transfer shall make the Employee (or, if applicable, the Employee's beneficiary) the legal owner of such Shares.

Further, on or as soon as possible after any date on which the Company transfers the ownership of any Shares on the Company's records to the Employee (or, if applicable, the Employee's beneficiary) pursuant to this Award, the Company will provide to the Employee (or, if applicable, to the Employee's beneficiary) a statement of holding that indicates the number of Shares the Employee owns in book-entry form.

Withholding Requirements

The Employer shall satisfy all federal, state, and local tax withholding requirements related to the Company's distribution of any Shares pursuant to this Award. The Company shall satisfy such tax withholding requirements by, without any advance notice having to be given to the Employee (or the Employee's beneficiary), either:

1. withholding an amount sufficient to meet such requirements from any amounts payable to or with respect to the Employee by the Employer other than by reason of this Award;

2. retaining Shares having a fair market value sufficient to meet such requirements from the Shares that the Company would otherwise distribute pursuant to this Award; or

3. combining the methods described in clauses 1 and 2 above.

The Employer may choose the method by which such tax withholding requirements shall be satisfied, in its sole discretion.

Regulatory Compliance

Notwithstanding any other provision of this Award, Shares may be distributed by the Company under this Award at any time only upon full compliance with all then-applicable requirements of law and the requirements of the exchange upon which Shares may then be traded.

Investment Representation

The Employee represents and agrees that if the Employee is distributed any Shares at a time when there is not in effect under the Securities Act of 1933 a registration statement pertaining to the Shares and there is not available for delivery a prospectus meeting the requirements of Section 10(A)(3) of such Act:

1. the Employee will accept and receive such Shares for the purpose of investment and not with a view to their resale or distribution;

2. the Employee, upon receipt of such Shares, will furnish to the Company an investment letter in form and substance satisfactory to the Company;

3. the Employee, prior to selling or offering for sale any such Shares, will furnish the Company with an opinion of counsel satisfactory to the Company to the effect that such sale may lawfully be made and will furnish the Company with such certifications as to factual matters as the Company may reasonably request; and

4. the transfer agent holding the Employee's Shares in book-entry form will be notified of the restrictions on sale or transfer.

Adjustments

If, after the date of this Award, the Shares are, as a result of a merger, reorganization, consolidation, recapitalization, reclassification, split-up, spin-off, separation, liquidation, stock dividend, stock split, reverse stock split, property dividend, share repurchase, share combination, share exchange, issuance of warrants, rights, or debentures, or other change in the corporate structure of the Company, increased or decreased or changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another organization, then:

1. there automatically shall be substituted for each Unit that is still subject to this Award a Unit that on the date on which any distribution is to be made under this Award has a value equal to 100% of the fair market value (determined in accordance with the Plan's terms for determining fair market value) of the number and kind of shares of stock or other securities into which each Share is changed or for which each Share is exchanged; and

2. the Company shall make such other adjustments to the Units subject to provisions of the Plan and this Award as may be appropriate and equitable.

Section 409A

The Units granted to you under this Award shall be construed and administered so that they either (i) qualify for an exemption from the requirements of Section 409A of the Code or (ii) satisfy the requirements of Section 409A of the Code. If the Company determines after the grant date that an amendment to this Award is necessary to ensure the foregoing, in furtherance of subsection 20.3(b) of the Plan, it may make such amendment, effective as of the grant date or any later date it so deems, without the consent of the Employee (provided that any such amendment shall be narrowly tailored to achieve such compliance with as limited deviation from the intent of this Award as of the date hereof as is practicable).

Notices

Any notice to the Company relating to this Award must be in writing and delivered in person or by registered mail to the Company at the following address, Cincinnati Bell Inc., 221 East Fourth Street, Cincinnati, Ohio 45202, Attention: Corporate Secretary, or at such other address as the Company has designated by notice.

Any notice to the Employee or other person or persons succeeding to the Employee's interest must be delivered to the Employee or such other person or persons at the Employee's address on record with the Company or such other address as is specified in a notice filed with the Company.

Determinations of the Committee Final

Any dispute or disagreement which arises under, as a result of, or in any way relates to the interpretation or construction of this Award shall be determined by the Committee. The Employee hereby agrees to accept any such determination as final, binding, and conclusive for all purposes.

Successors

All rights under this Award are personal to the Employee and are not transferable except that, in the event of the Employee's death, such rights are transferable to the Employee's legal representatives, heirs, or legatees. This Award shall inure to the benefit of and be binding upon the Company and its successors and assigns and the Employee and the Employee's legal representatives, heirs, and legatees.

Obligations of the Company

The liability of the Company under the Plan and this Award is limited to the obligations set forth in the Plan and this Award. No term or provision of the Plan or this Award shall be construed to impose any liability on the Company in favor of the Employee with respect to any loss, cost, or expense which the Employee may incur in connection with or arising out of any transaction in connection therewith.

No Guarantee of Employment

The granting of this Award to the Employee does not constitute a contract of employment and does not give the Employee the legal right to be continued as an employee of the Employer.

The Employer may deal with the Employee and the terms of the Employee's employment as if this Award did not exist.

Governing Law

This Award will be governed by and interpreted in accordance with the laws of the State of Ohio.

Plan

This Award is issued under the Plan, the Cincinnati Bell Inc. 2017 Long-Term Incentive Plan. Except as is otherwise specifically provided herein, this Award is subject to all of the terms of the Plan and the provisions of the Plan shall control if there is any conflict between the Plan and this Award and with respect to any matters that are not addressed in this Award. The Plan is incorporated by reference and made a part of this Award.

Entire Award

This Award and the Plan supersede any other agreement, whether written or oral, that may have been made or entered into by the Employer and the Employee relating to the Units that are subject to this Award and any Shares that may be payable with respect to such Units. Further, this Award and the Plan constitute the entire agreement by the parties related to such matters and there are no agreements or commitments except as set forth herein and in the Plan.

Captions; Counterparts

The captions in this Award are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Award. This Award may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN ORDER TO GRANT THIS SHARE-BASED PERFORMANCE UNIT AWARD, the Company and the Employee have caused this Award to be duly executed as of the dates noted below and, by signing below, agree to all of the terms of this Award.

EMPLOYEE: **CINCINNATI BELL INC.**

Phillip R. Cox Chairman, Board of Directors

Date: ACCEPTANCE DATE Date: January 31, 2019

Exhibit 31.1

Certifications

I, Leigh R. Fox, 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: May 8, 2019

/s/ Leigh R. Fox

Leigh R. Fox
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: May 8, 2019

/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 March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Leigh R. Fox, 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
Chief Executive Officer
May 8, 2019

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 March 31, 2019 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
May 8, 2019