

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 1995

OR

---- 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.

Incorporated under the laws of the State of Ohio

201 East Fourth Street, Cincinnati, Ohio 45202

I.R.S. Employer Identification Number 31-1056105

Telephone - Area Code 513 397-9900

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 X . No .

At July 31, 1995, 66,331,888 Common Shares were outstanding.

Form 10-Q Part I

Cincinnati Bell Inc.

PART I - FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF INCOME AND REINVESTED EARNINGS
(Thousands of Dollars, Except Per Share Amounts)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
Revenues	\$334,071	\$299,844	\$665,888	\$591,913
Costs and Expenses				
Operating expenses	165,207	154,745	334,025	308,171
Plant and building services	48,348	42,538	95,365	82,619
Depreciation and amortization	39,822	36,879	79,265	74,044
Taxes other than income taxes	24,334	23,202	49,261	47,886
Special charges	-	-	132,000	-
Total Costs and Expenses	277,711	257,364	689,916	512,720
Operating Income (Loss)	56,360	42,480	(24,028)	79,193

Other Income (Expense) - Net	(11)	(192)	37	410
Interest Expense	13,217	12,498	25,981	24,892
	-----	-----	-----	-----
Income (Loss) Before Income Taxes and Cumulative Effect of Accounting Change	43,132	29,790	(49,972)	54,711
Income Taxes	16,118	11,070	(17,391)	20,345
	-----	-----	-----	-----
Income (Loss) Before Cumulative Effect of Accounting Change	27,014	18,720	(32,581)	34,366
Cumulative Effect of Accounting Change	-	-	-	(2,925)
	-----	-----	-----	-----
Net Income (Loss)	\$ 27,014	\$ 18,720	\$ (32,581)	\$ 31,441
	-----	-----	-----	-----
Earnings (Loss) Per Common Share				
Income (Loss) Before Cumulative Effect of Accounting Change	\$.41	\$.28	\$ (.49)	\$.52
Cumulative Effect of Accounting Change	-	-	-	(.04)
	-----	-----	-----	-----
Net Income (Loss)	\$.41	\$.28	\$ (.49)	\$.48
	-----	-----	-----	-----
Dividends Declared per Common Share	\$.20	\$.20	\$.40	\$.40
	-----	-----	-----	-----
Weighted Average Number of Common Shares Outstanding (000)	66,216	65,311	66,131	65,197
Retained Earnings at Beginning of Period	\$173,756	\$226,050	\$246,568	\$227,392
Add: Net Income (Loss)	27,014	18,720	(32,581)	31,441
Deduct: Common Dividends	13,261	13,074	26,478	26,116
Pension Liability Adjustment	-	-	-	1,021
Issuance of Common Shares Under Employee Plans	53	-	53	-
	-----	-----	-----	-----
Retained Earnings at End of Period	\$187,456	\$231,696	\$187,456	\$231,696
	-----	-----	-----	-----

See Notes to Financial Statements.

CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)
(Unaudited)

	June 30, 1995	December 31, 1994
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 83,774	\$ 78,368
Receivables less allowances of \$16,871 and \$14,056	240,889	246,122
Material and supplies	15,403	15,988
Prepaid expenses	32,172	29,180
Other current assets	31,703	28,984
	-----	-----
	403,941	398,642
Property, Plant and Equipment		
Telephone plant	1,477,762	1,447,411
Accumulated depreciation	(594,911)	(556,004)
	-----	-----
	882,851	891,407
Other property	274,621	279,355
Accumulated depreciation	(141,470)	(134,587)
	-----	-----
	133,151	144,768
	-----	-----
	1,016,002	1,036,175
	-----	-----
Other Assets		
Goodwill and other intangibles	202,055	197,425
Investments in unconsolidated entities	49,887	48,809
Deferred charges and other	41,360	42,397
	-----	-----
	293,302	288,631
	-----	-----
Total Assets	\$1,713,245	\$1,723,448
	-----	-----
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities		
Debt maturing in one year	\$ 112,103	\$ 68,689
Accounts payable and accrued liabilities	161,953	179,658
Accrued disposal and restructuring costs	32,763	11,076

Accrued taxes	32,058	61,054
Advanced billing and customers' deposits	30,670	38,793
Other current liabilities	23,073	24,067
	-----	-----
	392,620	383,337
	-----	-----
Long-Term Debt	491,278	528,255
	-----	-----
Deferred Credits and Other Long-Term Liabilities		
Deferred income taxes	124,461	164,059
Unamortized investment tax credits	15,362	16,191
Other long-term liabilities	189,720	79,204
	-----	-----
	329,543	259,454
	-----	-----
Shareowners' Equity		
Common shares-\$1 par value; authorized shares-240,000,000	66,308	65,948
Additional paid-in capital	246,040	239,507
Retained earnings	187,456	246,568
Foreign currency translation adjustment	-	379
	-----	-----
	499,804	552,402
	-----	-----
Total Liabilities and Shareowners' Equity	\$1,713,245	\$1,723,448
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See Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	For the Six Months Ended June 30,	
	1995	1994
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (32,581)	\$ 31,441
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	79,265	74,044
Special charges	132,000	-
Cumulative effect of accounting change	-	2,925
Provision for loss on receivables	4,996	2,871
Other-net	1,783	7,026
Changes in assets and liabilities:		
Increase in receivables	(761)	(14,833)
Decrease (increase) in other current assets	(2,407)	5,410
Increase (decrease) in accounts payable and accrued liabilities	(10,001)	3,656
Decrease in accrued disposal and restructuring costs	(6,313)	(15,486)
Decrease in other current liabilities	(35,496)	(2,299)
Increase (decrease) in deferred income taxes and unamortized investment tax credits	(58,508)	8,436
Decrease in other assets and liabilities-net	15,246	8,177
	-----	-----
Net cash provided by operating activities	87,223	111,368
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures-telephone plant	(45,214)	(66,605)
Capital expenditures-other	(7,851)	(14,862)
Acquisitions, net of cash acquired	(18,087)	-
Other-net	9,009	9,593
	-----	-----
Net cash used in investing activities	(62,143)	(71,874)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in notes payable	3,485	(9,443)
Principal payments on long-term debt	(1,411)	(2,073)
Proceeds from issuance of common shares	5,156	4,541
Dividends paid	(26,422)	(26,049)
	-----	-----
Net cash used in financing activities	(19,192)	(33,024)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(482)	705
	-----	-----
Net increase in cash and cash equivalents	5,406	7,175
Cash and cash equivalents at beginning of period	78,368	8,668
	-----	-----
Cash and cash equivalents at end of period	\$ 83,774	\$ 15,843
	-----	-----
Cash paid for:		
Interest (net of amount capitalized)	\$ 22,799	\$ 21,722
Income taxes	\$ 40,917	\$ 11,681

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

- (1) BASIS OF PRESENTATION - The consolidated financial statements of Cincinnati Bell Inc. have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of Management, include all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for each period shown. All adjustments are of a normal and recurring nature except for those outlined in Notes (2), (3), (4) and (8). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with financial statements and notes thereto included in the Company's 1994 Annual Report on Form 10-K and the current year's previously issued Form 10-Q.

The consolidated financial statements include the accounts of Cincinnati Bell Inc. ("CBI") and its wholly owned subsidiaries (the "Company"). The Company operates in three industry segments. The telephone operations segment includes Cincinnati Bell Telephone Company ("CBT") which provides telecommunications services and products. The information systems segment includes Cincinnati Bell Information Systems Inc. ("CBIS") which provides data processing services and software development services. The marketing services segment includes MATRIXX Marketing Inc. ("MATRIXX") which provides telephone marketing, research, fulfillment and database services.

- (2) BUSINESS RESTRUCTURING - In the first quarter 1995, the Company approved a restructuring plan for CBT and CBI. The restructuring plan results in the need for fewer people to operate the businesses. In all, CBT expected to eliminate approximately 800 management and hourly positions. The majority of the reduction in CBT's workforce will be from the offer of early retirement incentives to eligible employees. The retirement incentive offer increases by five years each eligible employee's age and years of service for purposes of calculating pension benefits. In addition, retiring employees will receive an enhancement to their pensions equal to two weeks pay for every year of service, but not to exceed one year's pay.

Employee response to the early retirement offer and other financial incentives being offered by CBT exceeded CBT's initial expectations. Over 1,300 employees have accepted the early retirement offer including approximately 1,000 hourly employees. The Company has the option to delay the retirement date of the hourly employees over the next two years for a smooth transition.

The Company recorded \$132 million of special charges in the first quarter 1995 to reflect the cost of restructuring programs at CBT and CBI. The charges reduced net income by \$84.1 million or \$1.27 per common share. The charges included costs to be incurred for workforce reductions and for other restructuring activities.

The special charges included approximately \$61 million primarily for pension enhancements and \$54 million of curtailment losses for

postretirement health care costs. Also included in the charges were \$5 million for lease termination costs, \$5 million for vacation buyout and severance pay and the remaining \$7 million for other costs of the restructuring.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
(Unaudited)

The pension and postretirement charges will require minimal cash outflows in the near term. Some of the costs of the pension enhancements will be funded by the Company's pension plans' trusts. Estimated cash outflows for 1995, 1996 and 1997 are \$9 million, \$11 million, \$7 million, respectively. The principal cash outflow will be to pay the non-qualified portion of lump sum pension distributions to employees retiring under this offer. The Company expects to record a small amount of non-cash settlement gains associated with the lump sum pension distributions through March 1997 as employees leave the Company.

During the six months ended June 30, 1995, \$3.5 million in cash charges were applied against the first quarter 1995 restructuring reserve. These charges were primarily for non-qualified lump sum pension distributions and vacation buyouts. The Company believes that the reserve balance of \$128.5 million at June 30, 1995 is adequate for future estimated costs.

- (3) DISPOSAL AND RESTRUCTURING OF CBIS OPERATIONS - For the six months ended June 30, 1995 a total of \$2.9 million net was charged to the disposal and restructuring reserve that was established in 1993. Charges to the reserve required net cash outlays of approximately \$2.3 million. The charges were primarily for discontinued products and contingencies related to businesses sold. The Company believes that the reserve balance of \$8.2 million at June 30, 1995 is adequate to provide for estimated future costs associated with a lease termination, discontinued products and contingencies related to businesses sold.
- (4) CINCINNATI BELL TELEPHONE COMPANY - The following summarized financial information, in millions of dollars, is for the Company's consolidated wholly owned subsidiary, Cincinnati Bell Telephone Company:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
Revenues	\$156.6	\$147.6	\$309.9	\$293.9
Costs and Expenses	\$128.1	\$121.6	\$377.7	\$244.3
Income (Loss) Before Cumulative Effect of Accounting Change	\$ 16.0	\$ 14.7	\$(47.2)	\$ 28.3
Cumulative Effect of Accounting Change	\$ -	\$ -	\$ -	\$ (2.4)
Net Income (Loss)	\$ 16.0	\$ 14.7	\$(47.2)	\$ 25.9

Results for the six months ended June 30, 1995, include special charges of \$124 million recorded in the first quarter for restructuring CBT's operations as described in note (2). These charges reduced CBT's net income by \$79.0 million or \$1.20 per common share.

Results for the six months ended June 30, 1994, include two significant non-recurring charges. In 1994 the Company, including

CBT, adopted SFAS 112, "Employers' Accounting for Postemployment Benefits", thereby reducing CBT's net income by \$2.4 million, net of a deferred tax benefit. In addition, CBT recognized \$2.5 million in incremental postretirement expenses resulting from adjusting deferred amounts to a level that is expected to be recovered in regulated rates. This adjustment reduced net income by \$1.6 million. CBT had received approval from the Public Utilities Commission of Ohio ("PUCO") in 1993 to defer these incremental postretirement expenses.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
(Unaudited)

	June 30, 1995	December 31, 1994
	-----	-----
Current Assets	\$ 191.9	\$ 187.9
Telephone Plant-Net.	892.1	901.6
Other Noncurrent Assets.	17.8	21.0
	-----	-----
Total Assets	\$1,101.8	\$1,110.5
	-----	-----
Current Liabilities.	\$ 165.0	\$ 148.3
Noncurrent Liabilities	260.7	195.0
Long-Term Debt	274.4	312.3
Common Shareowner's Equity	401.7	454.9
	-----	-----
Total Liabilities and Shareowner's Equity.	\$1,101.8	\$1,110.5
	-----	-----

- (5) CONTINGENCIES - The Company, which has a 45% interest in a cellular partnership, is seeking to dissolve the partnership because of poor performance. The Company has pursued this litigation to maximize the value of this asset for the benefit of the shareholders. There are many possible outcomes of this litigation. The potential impact of a settlement from the lawsuit is an extremely broad range depending upon the form of distribution and the amount of damages awarded. At this time, the Company is unable to determine a range but the Company believes it will recover its \$44 million investment in the partnership.
- (6) AT&T RELATIONSHIP - The Company derives significant revenues from AT&T and its affiliates by providing network services, information management systems, and marketing services. With the completion of the merger of AT&T and McCaw Cellular Communications Inc. in the third quarter of 1994, the Company's revenues from AT&T as combined with McCaw have increased when compared to prior periods. Revenues (excluding network access charges) from AT&T accounted for 22% of the Company's consolidated revenues and 50% of the information systems segment's revenues for the six months ended June 30, 1995.
- (7) INTEREST RATE AND CURRENCY EXCHANGE SWAP - The Company has an interest rate and foreign currency swap agreement in place to reduce the impact of changes in interest rates and foreign currency exchange rates. The Company accrues interest on a notional amount of 225 million French francs. The approximate effective rate is such that net interest expense is based on the interest cost implicit in the contract measured in French francs (approximately 11%). Net amounts due to or from the counterparty are reflected in interest expense in the periods in which they accrue. The net effect of the swap for the first six

months of 1995 and 1994 was to increase expense by \$2.4 million and \$2.1 million, respectively. For the first six months the swap also increased the Company's average interest rate from 7.7% to 8.5% in 1995 and from 7.2% to 7.9% in 1994.

- (8) ACQUISITION - In March 1995, CBIS acquired X International of Bristol, England for cash. The acquisition was accounted for as a purchase. X International provides billing software development services for telecommunications companies in Europe.

Incident to this acquisition, CBIS acquired the on-going software development projects of X International. Of the purchase price, \$2.5 million was allocated to in-process research and development costs. Accordingly, these costs were expensed resulting in a non-recurring charge which reduced net income by \$1.5 million or \$.02 per common share.

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Form 10-Q Part I

Cincinnati Bell Inc.

NOTES TO FINANCIAL STATEMENTS (Cont'd)
(Unaudited)

- (9) BUSINESS SEGMENT INFORMATION - The Company operates primarily in three industry segments, Telephone Operations, Information Systems and Marketing Services. The Company's business segment information is as follows:

Millions of Dollars	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
Revenues				
Telephone Operations				
Local Service	\$ 87.7	\$ 81.7	\$ 173.2	\$ 159.6
Network Access	35.4	34.6	72.2	71.5
Long Distance	8.7	9.1	17.3	18.8
Other	24.8	22.2	47.2	44.0
Total	156.6	147.6	309.9	293.9
Information Systems	94.6	82.1	184.7	162.7
Marketing Services	66.5	54.0	137.1	104.6
Other	34.2	31.7	70.2	63.2
Intersegment Revenues	(17.8)	(15.6)	(36.0)	(32.5)
Total	\$ 334.1	\$ 299.8	\$ 665.9	\$ 591.9
Intersegment Revenues				
Telephone Operations	\$ 5.9	\$ 5.7	\$ 11.2	\$ 11.6
Information Systems	10.5	9.0	21.5	18.9
Marketing Services	.4	-	1.0	-
Other	1.0	.9	2.3	2.0
Total	\$ 17.8	\$ 15.6	\$ 36.0	\$ 32.5
Operating Income (Loss)				
Telephone Operations	\$ 28.5	\$ 26.0	\$ (67.8)	\$ 49.6
Information Systems	12.2	6.8	20.2	10.8
Marketing Services	8.8	5.7	16.8	10.1
Other	6.9	4.0	6.8	8.7
Total	\$ 56.4	\$ 42.5	\$ (24.0)	\$ 79.2
Assets				
Telephone Operations			\$1,101.8	\$1,088.2
Information Systems			235.6	296.0
Marketing Services			261.9	237.5
Other			113.9	52.3
Total			\$1,713.2	\$1,674.0
Capital Additions				
Telephone Operations	\$ 26.0	\$ 34.6	\$ 47.6	\$ 68.6
Information Systems	1.4	3.3	9.4	15.0
Marketing Services	2.6	2.7	15.3	4.0
Other	.6	.7	1.2	2.9
Total	\$ 30.6	\$ 41.3	\$ 73.5	\$ 90.5
Depreciation and Amortization				
Telephone Operations	\$ 28.0	\$ 26.8	\$ 55.9	\$ 53.7
Information Systems	7.2	5.8	14.3	12.1
Marketing Services	3.8	3.4	7.5	6.6

Other	.9	.8	1.6	1.6
	-----	-----	-----	-----
Total	\$ 39.9	\$ 36.8	\$ 79.3	\$ 74.0

Certain corporate administrative expenses have been allocated to segments based upon the nature of the expense. Assets are those assets used in the operations of the segment.

Form 10-Q Part I

Cincinnati Bell Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

CONSOLIDATED

The Company's consolidated net income and earnings per common share for the quarter ended June 30, 1995 were \$27 million and \$.41 compared to \$18.7 million and \$.28, respectively, for the same three month period in 1994. The results reflect increases of \$8.3 million in net income and \$.13 in earnings per common share.

The Company's consolidated net loss and loss per common share for the first six months 1995 were \$32.6 million and \$.49 compared with net income of \$31.4 million and earnings per common share of \$.48, respectively, for the first six months 1994. The results for the six months 1995 included \$132 million of special charges and a non-recurring charge of \$2.5 million. The special and non-recurring charges reduced net income by \$85.6 million or \$1.29 per common share. The results for the six months 1994 included a charge for the cumulative effect of an accounting change for postemployment benefits. This charge reduced net income by \$2.9 million or \$.04 per common share.

The following discussion should be read in conjunction with the consolidated financial statements and segment data. Results for interim periods may not be indicative of the results for the full year.

BUSINESS RESTRUCTURING

In the first quarter of 1995, the Board of Directors approved a restructuring plan for CBT and CBI. These actions resulted in the recording of \$132 million of pre-tax special charges in the first quarter of 1995. The charges, principally related to pension enhancements and associated postretirement health costs, were based on retirements and other costs of employee separations.

CBT announced in February 1995 that it would eliminate approximately 800 management and hourly employees by 1997 through early retirement incentives. Over 1,300 employees accepted the early retirement offer including approximately 1,000 hourly employees. As a result, CBT recorded restructuring charges \$124 million. CBT has the option to delay the retirement date of the hourly employees through March 1997 for a smooth transition. Through the end of the second quarter approximately 175 management and 130 hourly employees had left as a result of the offer. CBT's plan was developed over the past year by its Business Transition Team and involves the re-engineering of the telephone operations to streamline the fundamental processes and work activities at CBT. Implementation of the plan is expected to position CBT to better respond in an increasingly competitive business environment.

CBT has reorganized its functions into 12 processes designed to streamline work. It has also put in place a management team responsible for the processes. Other elements will be adopted over the next several years. CBT will develop advanced information systems in response to increasing expectations of its customers. The development costs for such systems will increase 1995 expenses. These costs are expected to be incurred prior to the release of many of the employees from the workforce. CBT estimates that the restructuring, when fully implemented in

1997, should result in a reduction of its workforce by more than 800 employees and reduce operating expenses in excess of \$50 million. The specific future financial impact of the cost savings on CBT's earnings is uncertain as it will depend upon regulatory treatment and the competitive market.

The remaining restructuring charges of \$8 million were recorded by CBI. The restructuring plan included early retirement incentives similar to CBT's as well as voluntary separations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

TELEPHONE OPERATIONS

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change		1995	1994	Change	
Revenues								
Local service	\$ 87.7	\$ 81.7	\$ 6.0	7%	\$173.2	\$159.6	\$ 13.6	9%
Network access	35.4	34.6	.8	2	72.2	71.5	.7	1
Long distance	8.7	9.1	(.4)	(4)	17.3	18.8	(1.5)	(8)
Other	24.8	22.2	2.6	12	47.2	44.0	3.2	7
	\$156.6	\$147.6	\$ 9.0	6%	\$309.9	\$293.9	\$ 16.0	5%
Costs and expenses								
Operating expenses	\$128.2	\$121.6	\$ 6.6	5%	\$253.7	\$244.3	\$ 9.4	4%
Special charges	-	-	-	-	124.0	-	124.0	-
	\$128.2	\$121.6	\$ 6.6	5%	\$377.7	\$244.3	\$133.4	55%
Access lines (000)					893	865	28	3
Minutes of use (Millions)								
Interstate	628	577	51	9	1,252	1,151	101	9
Intrastate	236	228	8	4	473	470	3	1
	864	805	59	7	1,725	1,621	104	6

The continued growth in access lines, along with new rates in Ohio effective May 1994 and in Kentucky effective May 1995 increased local service revenues by \$3.7 million and \$8.5 million for the three and six months 1995 compared to 1994. The remainder of the increase of \$2.3 million and \$5.1 million was primarily from increased customer usage of central office features and directory assistance.

Network access revenues had increases because of larger settlements, greater sales of special access services and higher end usage as a result of access line growth and increased interstate minutes of use. Offsetting the increases were decreases in Ohio intrastate carrier common line revenues resulting from a rate decrease in May 1994.

Long distance revenues decreased because of lower settlements with interexchange carriers and independent companies.

Other telephone operations revenues increased from growth in customer premise equipment contract revenues and in billing and collection services provided.

Operating expenses for telephone operations increased by \$6.6 million and \$9.4 million for the quarter and six months compared to the same periods in 1994. Contract services for systems development and other services increased \$2 million and \$5.4 million, respectively. Depreciation and amortization expenses increased \$1.2 million and \$2.2 million, respectively, as a result of rate repriscriptions in Ohio which became effective in July 1994. Unfavorable adjustments of non-regulated inventory balances and higher right-to-use fees for network software upgrades accounted for \$3.5 million of the increase in costs for the three and six month periods of 1995 when compared to the same periods of 1994. The first quarter 1995 business restructuring caused contract labor costs to increase but this was offset somewhat by a decrease in salaries and wages for both periods. This trend will continue throughout the remainder of 1995 as the

business restructuring is implemented. First quarter 1994 expenses include a \$2.5 million nonrecurring charge for postretirement benefit costs which had previously been deferred with regulatory approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

INFORMATION SYSTEMS

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change		1995	1994	Change	
Revenues	\$ 94.6	\$ 82.1	\$12.5	15%	\$184.7	\$162.7	\$ 22.0	14%
Costs and expenses	\$ 82.4	\$ 75.3	\$ 7.1	9%	\$164.5	\$151.9	\$ 12.6	8%

Information Systems' revenues were up \$12.5 million during the three months ended June 30, 1995, and \$22 million during the six months ended June 30, 1995 compared to the same periods last year. Revenues from data processing and professional services increased \$17.4 million and \$30.8 million for the three and six months, respectively. Data processing revenues increased because of strong subscriber growth in the cellular industry somewhat offset by lower net prices. Professional services revenues grew from increased development requests for product enhancements from existing customers. Outstanding domestic revenue growth was somewhat offset by declines in international contract revenue. Revenues from international clients for the development of telecommunications solutions were \$4.9 million and \$8.8 million lower for the same periods when compared to 1994. This resulted from the timing, terms and adjustments to reflect new estimates on long-term contracts. Additionally one long-term contract was completed in 1994.

Information Systems' costs and expenses were up \$7.1 million during the three months ended June 30, 1995 versus the previous year, and up \$12.6 million during the six months ended June 30, 1995 versus the prior year. Costs and expenses increased \$3.2 million during the second quarter and \$4.4 million year to date primarily from increased costs related to the data processing and professional services revenue growth. Depreciation and amortization expenses increased \$1.3 million for the quarter and \$2.2 million for the six months from increased amortization of capitalized software. Sales and marketing and general and administrative costs were lower by \$2 million and \$4 million for the two periods, respectively, as the result of workforce reductions and lower rent costs from less requirements for leased office space. Research and development costs increased \$4.6 million and \$10 million for the quarter and six months, respectively. Included in the increase of research and development costs for the six month period is a non-recurring charge of \$2.5 million related to the expensing of in-process research and development costs of X International (See Note 8 of Notes to Financial Statements). Research and development expenses were also higher in 1995 resulting from an increase in development activity for billing systems solutions software and fewer of these costs eligible to be capitalized.

MARKETING SERVICES

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change		1995	1994	Change	
Revenues	\$ 66.5	\$ 54.0	\$12.5	23%	\$137.1	\$104.6	\$ 32.5	31%
Costs and expenses	\$ 57.7	\$ 48.3	\$ 9.4	19%	\$120.3	\$ 94.5	\$ 25.8	27%

Marketing Services revenues were up \$12.5 million and \$32.5 million during the three months and six months ending June 30, 1995, respectively. Revenues from a

contract with a major provider of satellite broadcast services accounted for \$6.6 million and \$18.6 million of the increase in revenues for the three and six months of 1995 compared to the same periods last year. The contract began in mid-year 1994. Higher volumes directly associated with a major long distance carrier have also generated increased revenues of \$4.6 million in the quarter and \$10.1 million for the six month period. Custom service revenues have increased

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

as new programs with existing customers have been established. An overall increase in rates per talk-time second in inbound marketing services has more than offset the lower volumes of inbound calls in 1995 compared to 1994. European operation revenues increased \$1.7 million and \$3.1 million, respectively, for the quarter and six months from additional business with existing customers.

Costs and expenses increased at a lower rate than revenues for the three and six months compared to last year reflecting continuing cost management efforts. The increase in costs and expenses was primarily from labor costs and long distance telephone costs. Labor costs increases of \$5 million for the three months and \$13 million for the six months reflect the additional workforce required to meet the increases in call volumes. Directly related to the increased call volumes are higher telephone charges of \$1.5 million and \$3.2 million for the three and six months, respectively. General and administrative expenses increased \$1.9 and \$4.3 million for the same periods from expenses associated with information systems and systems design. European operation costs and expenses increased \$1.6 million and \$3 million compared to last year. Even though European operations continue to operate at a loss, they remain strategically important for the future.

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change	%	1995	1994	Change	%
Revenues	\$ 34.2	\$ 31.7	\$ 2.5	8%	\$ 70.2	\$ 63.2	\$ 7.0	11%
Costs and expenses								
Operating expenses	\$ 27.5	\$ 28.5	\$ (1.0)	(4)%	\$ 56.5	\$ 56.7	\$ (.2)	-
Special charges	-	-	-	-	8.0	-	8.0	-
	\$ 27.5	\$ 28.5	\$ (1.0)	(4)%	\$ 64.5	\$ 56.7	\$ 7.8	14%

Higher sales of used telecommunications equipment and commodities scrap by the Company's supply business accounted for revenues increases of \$1.6 million and \$4.7 million for the three and six month periods. Other increases in revenues resulted from sales campaigns in the directory business and additional customers and higher usage in the long distance re-selling business.

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change	%	1995	1994	Change	%
INTEREST EXPENSE	\$ 13.2	\$ 12.5	\$.7	6%	\$ 26.0	\$ 24.9	\$ 1.1	4%

Interest expense increased primarily because of higher interest rates on short-term borrowings. The increase from higher rates was partially offset by less interest from lower balances of short-term borrowings. The interest related to the Company's swap agreement was \$1.2 million and \$2.4 million for the quarter and six months ended June 30, 1995 compared to \$1 million and \$2.1 million for the quarter and six months ended June 30, 1994. The interest expense for the

swap will continue to increase as interest is accrued on the principal and unpaid interest costs. The accrued interest on the French franc loan segment of the swap is 148 million French francs or \$27.3 million at June 30, 1995. The Company has decided not to hedge the currency risk associated with the accrued interest because the financial risk is immaterial to the Company's financial position. The swap agreement has increased the Company's weighted average interest rate from 7.7% to 8.5% for the six months 1995 as compared to an increase from 7.2% to 7.9% for the six month period in 1994.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

INCOME TAXES

(Dollars in Millions)	Three Months Ended June 30				Six Months Ended June 30			
	1995	1994	Change		1995	1994	Change	
	-----	-----	-----	-----	-----	-----	-----	-----
	\$ 16.1	\$ 11.0	\$ 5.1	46%	\$ (17.4)	\$ 20.3	\$ (37.7)	-

Higher income before taxes for the three months and lower income before taxes for the six months were the principal reasons for the changes in income tax expense. The Company's effective tax rates for the three and six months ending June 30, 1995 were 37.4% and 34.8%, respectively, compared to 37.2% for the same two periods last year. The effective tax rate, excluding the 1995 special and non-recurring charges, would have been 37.2% for the six months 1995.

FINANCIAL CONDITION

CAPITAL INVESTMENT, RESOURCES AND LIQUIDITY

Management believes that the Company has adequate internal and external resources available to finance its ongoing operating requirements, including network expansion and modernization, business development and dividend programs. The Company maintains adequate lines of credit with several institutions to provide support for borrowings and general corporate purposes.

Cash provided by operating activities, which is the Company's primary source of liquidity, was \$87 million for the first six months 1995, a decrease of \$24 million from the first six months 1994. This was primarily the result of \$29 million more in income tax payments made in 1995. Cash was used to fund capital expenditures, acquisitions and dividends.

The Company's most significant investing activity continued to be capital expenditures which were \$53 million for the six months ended June 30, 1995, a decrease of \$28 million from the same period in 1994. In 1995, CBT spent less for digital switching equipment, electronic switching equipment and buildings primarily because of the installation of the North American Numbering Plan in 1994. CBIS had reduced capital expenditures for capitalized software, computers and office equipment compared to 1994. Requirements for additional updating of facilities are evaluated continuously based on customer and market demand and engineering economics. Capital expenditures for 1995 are expected to be approximately \$120 million. CBT's portion of the total is about \$90 million.

CBT could decide that in order to remain competitive in the future, it must aggressively pursue a strategy of expanding its offerings beyond its traditional business. However, capital spending increases under this scenario would not necessarily be incremental as reductions could be achieved in other areas. CBT may also wish to enter other businesses through investments and strategic alliances with established companies in such businesses and through the development of such capabilities internally. Such transactions could require substantial capital which could be generated internally and from external sources.

Accounts payable and accrued liabilities decreased \$18 million from December 31, 1994. The balance was reduced by payments in 1995 related to an acquisition earn-out agreement, employee-related costs and software and hardware upgrades that were accrued at December 31, 1994. The balance of accrued taxes was \$29 million lower than December 31, 1994 resulting from payments made in 1995 for federal income and property taxes. The balance of non-current deferred income taxes was \$40 million lower than at December 31, 1994, as a result of the tax benefit recorded for the special charges in the first quarter 1995. The balance of other long-term liabilities increased \$111 million principally from pension and postretirement liabilities as a result of the business restructuring charges. During the second quarter 1995 \$40 million of CBT's long-term debt due in April 1996 became debt maturing in one year.

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Form 10-Q Part I

Cincinnati Bell Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

REGULATORY MATTERS

FEDERAL COMMUNICATIONS COMMISSION (FCC)

In 1993, CBT accrued approximately \$11 million related to orders by the FCC to refund to interexchange carriers earnings in excess of the FCC's target range in the 1987-1988 monitoring period. On August 1, 1995, the U.S. Court of Appeals denied the Company's appeal to overturn the FCC's order to refund excess earnings and also disallowed the FCC's limited offset policy. The Company is currently analyzing the effect of this decision.

KENTUCKY FILING

During October 1994 CBT filed a proposal with the Public Service Commission of Kentucky ("PSCK") for new regulated rates for telephone services provided to its Kentucky customers. An order was received from the PSCK in May 1995 that maintains uniform rates for basic services in CBT's Kentucky and Ohio metropolitan service areas, but is essentially revenue neutral, as local service increases are offset by carrier common line and other rate adjustments. Both CBT and the Kentucky Attorney General filed for rehearing of certain aspects of the rate order. CBT has been granted a rehearing on one issue, while all of the Attorney General's requests were denied.

LOCAL TELECOMMUNICATIONS COMPETITION

CBT is assessing the effects of local competition issues and has participated in proceedings before the Public Utilities Commission of Ohio ("PUCO") involving these issues.

Formal hearings before the PUCO have concluded in the matter of the issuance of a certificate to a cable company to provide local telephone service. By granting the certificate the PUCO would allow local competition into CBT's franchised area. The PUCO could render its decision by the third quarter 1995. The Ohio Supreme Court declined to order the PUCO to set the rules for local competition before addressing which companies could enter local exchange markets as competitors, as CBT had requested.

The PUCO staff has released a preliminary document covering local competition issues in the telecommunications market. The goal is to provide for the adoption of rules allowing local competition to proceed in the state of Ohio. CBT is in the process of responding to this document. It is anticipated that these rules could be in place by January 1996.

In April 1995 the PSCK issued an administrative order dealing with local competition. Responses were to be submitted by mid-July 1995. At this time CBT is uncertain as to what future direction the PSCK will take in this matter.

EFFECTS OF REGULATORY ACCOUNTING

CBT presently gives accounting recognition to the actions of regulators where appropriate, as prescribed by SFAS 71, "Accounting for the Effects of Certain Types of Regulation." Under SFAS 71, CBT records certain assets and liabilities because of the actions of regulators. Amounts charged to operations for depreciation expense reflect estimated useful lives and methods prescribed by regulators rather than those that might otherwise apply to unregulated enterprises. Typically, regulatory recovery periods are longer than the useful lives that otherwise might be used. Criteria that could give rise to the discontinuance of SFAS 71 include increasing competition, which would restrict CBT's ability to establish prices to recover specific costs, and a significant change in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. CBT continues to carefully evaluate the criteria in light of recent legislative and regulatory changes. If CBT were

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Form 10-Q Part I

Cincinnati Bell Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont.)

required to discontinue the accounting prescribed in SFAS 71, there would be a significant, extraordinary, non-cash charge. It is expected that the minimum after-tax charge would be at least \$60 million. The actual charge could be much higher depending on many factors including CBT's business strategy, and judgments of competitive impact and technology changes at the time.

OUTLOOK

Cincinnati Bell operates businesses in several different markets. Each of the businesses has fluctuations in revenues and operating earnings as the result of the overall level, timing and terms of many contracts. There is also a business risk that a customer will decide to perform services in-house or move its business to a competitor if the services do not meet price and performance standards. These circumstances may increase the variability of financial results on a period to-period basis.

The Company's 1995 revenues may not grow at the same rate as in 1994 because revenues generated from the WATS operations for 1994 and 1995 will be on a comparable basis.

CBT's revenues are expected to increase but could be offset by a potential decline in its customer base from increased competition. CBT is redesigning and streamlining its processes and work activities to improve responsiveness to customer needs, permit more rapid introduction of new products and services, improve the quality of product and service offerings and reduce costs.

CBIS will continue to concentrate primarily on building its core business in the cellular market. Timing and adjustments related to international contracts could add variability to CBIS's earnings. The cellular market will be the principal driver for CBIS's growth this year. During 1995, CBIS continued to maintain its customer base with the renewal of several multi-year contracts for customer care and billing solutions services with major clients.

The continued trend in the outsourcing of telemarketing is important for MATRIXX's continued growth. MATRIXX's profitability in 1995 and beyond depends upon its ability to add strategic clients. During the second half of 1995, MATRIXX may have reductions in revenue from a major long distance carrier from changes in their marketing plans.

The other Company businesses expect to continue to grow by offering superior value, quality and customer service.

The Company has general and specific risks that could affect trends in future operating results. Some of the risks include international contracts, sustaining the quality of customer service during downsizing and sustaining high

levels of revenues from certain customers.

The Company continues to review opportunities for acquisitions and divestitures for all its businesses to enhance shareowner value.

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Form 10-Q Part II

Cincinnati Bell Inc.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

The following are filed as Exhibits to Part I of this Form 10-Q:

Exhibit
Number

11 Computation of Earnings per Common Share
27 Financial Data Schedule

(b) Reports on Form 8-K.

No reports on Form 8-K have been filed during the quarter for which this report is filed.

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SIGNATURE

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 August 10, 1995

/s/ James M. Dahmus

James M. Dahmus
Vice President and Controller

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 June 30, 1995

CINCINNATI BELL INC.

(Exact Name of Registrant as specified in its charter)

EXHIBITS

INDEX TO EXHIBITS

Filed Pursuant to Item 601 of Regulation S-K

Exhibit No. -----	Title of Exhibit -----	Page -----
(11)	Computation of Earnings per Common Share	*
(27)	Financial Data Schedule	*

Exhibit 11
to
Form 10-Q for the Quarterly
Period Ended June 30, 1995

CINCINNATI BELL INC.
COMPUTATION OF EARNINGS PER COMMON SHARE
In thousands, except per share amounts
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1995	1994	1995	1994
Income (loss) before cumulative effect of accounting change	\$27,014	\$18,720	(\$32,581)	\$34,366
Cumulative effect of accounting change	-	-	-	(2,925)
Net income (loss)	\$27,014	\$18,720	(\$32,581)	\$31,441
Weighted average number of common shares outstanding	66,216	65,311	66,131	65,197
Common share conversions applicable to common share options	445	8	445	8
Total number of shares for computing primary and fully diluted earnings per common share*	66,661	65,319	66,576	65,205
 EARNINGS PER COMMON SHARE				
As reported				
Income (loss) before accounting change	\$.41	\$.28	\$ (.49)	\$.52
Cumulative effect of accounting change	-	-	-	(.04)
Net income (loss)	\$.41	\$.28	\$ (.49)	\$.48
Primary				
Income (loss) before accounting change	\$.41	\$.28	\$ (.49)	\$.52
Cumulative effect of accounting change	-	-	-	(.04)
Net income (loss)	\$.41	\$.28	\$ (.49)	\$.48
Fully Diluted				
Income (loss) before accounting change	\$.41	\$.28	\$ (.49)	\$.52
Cumulative effect of accounting change	-	-	-	(.04)
Net income (loss)	\$.41	\$.28	\$ (.49)	\$.48

Earnings (loss) per common share for the three and six months ended June

30,
1995 and 1994 as reported in the Consolidated Statements of Income were based on the weighted average number of common shares outstanding for the respective periods. Primary and fully diluted earnings (loss) per common share were not shown in the Consolidated Statements of Income as they differ from the reported earnings (loss) per common share by less than three percent or are anti-dilutive.

<FN>

* For the six-month period ended June 30, 1995, common share conversions applicable to common share options are anti-dilutive for the primary loss per common share calculation and therefore are not included in the calculation.

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