

CINCINNATI BELL INC  
Form 10-Q  
May 07, 2012

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, 2012

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

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

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

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

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

At April 30, 2012, there were 197,203,625 common shares outstanding.

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Form 10-Q Part I

Cincinnati Bell Inc.

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Form 10-Q Part I

Cincinnati Bell Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
Revenue		
Services	\$318.0	\$311.4
Products	44.8	49.4
Total revenue	362.8	360.8
Costs and expenses		
Cost of services, excluding items below	120.4	110.7
Cost of products sold, excluding items below	45.4	48.5
Selling, general and administrative	64.0	64.6
Depreciation and amortization	51.1	48.4
Restructuring charges	0.9	—
Acquisition costs	—	1.1
Asset impairment	—	1.1
Total operating costs and expenses	281.8	274.4
Operating income	81.0	86.4
Interest expense	54.4	54.5
Other expense, net	1.5	—
Income before income taxes	25.1	31.9
Income tax expense	12.5	14.0
Net income	12.6	17.9
Preferred stock dividends	2.6	2.6
Net income applicable to common shareowners	\$10.0	\$15.3
Basic and diluted earnings per common share	\$0.05	\$0.08

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

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in millions)

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Net income	\$ 12.6	\$ 17.9
Other comprehensive income, net of tax:		
Defined benefit pension and postretirement plans:		
Amortization of prior service benefits included in net income, net of tax of (\$1.2) and (\$1.2)	(2.1 )	(2.0 )
Amortization of net actuarial loss included in net income, net of tax of \$2.0 and \$2.0	3.5	3.2
Other comprehensive income	1.4	1.2
Total comprehensive income	\$ 14.0	\$ 19.1

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

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Form 10-Q Part I

Cincinnati Bell Inc.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except share amounts)

(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$6.9	\$73.7
Receivables, less allowances of \$12.2 and \$11.6	176.0	179.4
Inventory, materials and supplies	25.4	23.8
Deferred income taxes, net	30.3	30.2
Prepaid expenses	14.0	11.2
Other current assets	4.8	2.7
Total current assets	257.4	321.0
Property, plant and equipment, net	1,426.3	1,400.5
Goodwill	290.6	290.6
Intangible assets, net	212.5	216.9
Deferred income taxes, net	410.2	423.5
Other noncurrent assets	60.9	62.2
Total assets	\$2,657.9	\$2,714.7
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt		