Cincinnati Bell℠

2015 Annual Report

Letter to Shareholders	Notice of 2016 Annual Meeting and Proxy Statement	Report on Form 10-K

Contents

Letter to Shareholders from the Chairman, the President & Chief Executive Officer and the Chief Financial Officer

Financial Highlights

Board of Directors and Company Officers

Notice of Annual Meeting of Shareholders

Proxy Statement

Report on Form 10-K

Dear Shareholders:

2015 was an exceptional year for Cincinnati Bell as we continued our transformation into a technology company with state-of-the-art fiber assets servicing both consumer and business customers with flexible data, video, voice and IT solutions.

The Company's top priorities heading into the year included expanding our fiber network and opportunistically monetizing our CyrusOne investment to improve the health of our balance sheet. We delivered on all of our strategic initiatives. Our Fioptics suite of high-speed Internet, voice and video services is now available to 432,000 customer locations – nearly 55% of the region. Due to the successful monetization of a significant portion of our CyrusOne investment, our balance sheet is the strongest it's been in more than a decade.

2015 Performance Highlights

- Achieved financial guidance. Revenue totaled $1.2 billion and Adjusted EBITDA was $302 million.
- Strategic revenue increased more than 20% year-over-year, resulting in consolidated top-line growth.
- We sold a significant portion of our CyrusOne investment for cash totaling $643.9 million. Proceeds were used to manage debt, reducing interest payments by approximately $42 million annually.
- Successfully closed our wireless operations.

Creating a Company with Growing Revenue

In 2015, we invested $236 million into our strategic products and generated over $536 million of strategic revenue. Our Fioptics Internet, voice and video products are the driving force behind the revenue growth from our residential customers.

Fioptics, which offers a compelling alternative to cable and satellite TV and Internet services, generated $191 million of revenue, up from $142 million in 2014. Our Fioptics video users increased to 114,000 from 91,000, and high-speed Internet subscribers grew to 154,000 from 114,000.

Our team continues to excel at partnering with business customers to identify IT and telephony solutions that meet their evolving needs. The IT Services and Hardware segment generated $179 million of strategic revenue in 2015, up 29% from the year before. We will continue to leverage our expanding fiber network as businesses increasingly migrate away from legacy voice products and into VoIP solutions, which create a predictable, recurring revenue stream with long-term contracts. And, we will evaluate opportunities to expand our IT Services and Hardware businesses and increase our revenue base outside of Greater Cincinnati.

Strengthening our Balance Sheet

In January 2013, we successfully completed an IPO of CyrusOne, our former data center business, while retaining a 69% ownership interest in CyrusOne. Our plan was to strategically monetize our remaining equity stake in CyrusOne to reduce debt and create a healthy balance sheet.

Over the last two years, we've generated more than $1 billion from selling a significant portion of our CyrusOne investment and have used that cash to manage our debt. We captured the value of CyrusOne's strong 2015 share performance and de-risked our exposure to potential volatility in the equity market.

As of December 31, 2015, we owned 9.5% of CyrusOne's common stock. When adjusting our debt for the value of our remaining CyrusOne stake, Cincinnati Bell is approximately 3 times levered, which is well within a healthy range for any company with our profile.

Impacting our Community

Our financial results were outstanding. However, there was much more to Cincinnati Bell's story in 2015. We also accelerated changes in the public perception of Cincinnati Bell's brand through a focus on innovation, collaboration and community service.

- We launched the Connect Cincinnati mobile app, the newest iteration in our "Light Up Cincinnati" campaign, in July.
- We consolidated the majority of Cincinnati Bell employees into our renovated downtown headquarters, where we're leveraging technology and collaboration to deliver superior business results.
- We continued Cincinnati Bell's longstanding tradition of community service as our employees donated their time, talents and money at organizations throughout the region.

Cincinnati Bell is proud to play our part in Greater Cincinnati's economic development success story. Our commitment goes beyond serving businesses and consumers. We continue to invest in organizations that are focused on creating new jobs and businesses, and attracting new companies to our region.

And, our employees collectively volunteered hundreds of hours to local nonprofits that focus on areas including health and education. Our Company is truly "One Team" made up of 3,250 individuals who are working together every day to deliver results for our customers, shareholders and community members.

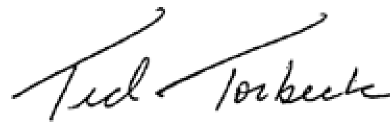
Conclusion

2015 was a year of acceleration. 2016 promises more of the same as we continue building out our fiber network while launching new initiatives, including "MyTV", which will give Fioptics video customers more choice, flexibility and value when choosing content packages.

We're sharpening our focus on serving small to medium sized business customers under a new brand called "Cincinnati Bell Business," and we will look for business growth opportunities beyond Greater Cincinnati.

Our progress towards reshaping Cincinnati Bell has been impressive and we are excited about the opportunity for creating shareholder value as we enter our 143rd year of business. Thank you for your investment, commitment and confidence in Cincinnati Bell.

Phillip R. Cox
Chairman of the Board



Theodore H. Torbeck
President and Chief Executive Officer

Leigh R. Fox
Chief Financial Officer

Use of Non-GAAP Financial Measures

This report contains information about adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), free cash flow and net debt. These non-GAAP financial measures are used by Cincinnati Bell management when evaluating results of operations. Management believes these measures also provide users of the financial statements with additional and useful comparisons of current results of operations with past and future periods. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. Detailed reconciliations of these measures to comparable GAAP financial measures are available at http://investor.cincinnatibell.com (see Fourth Quarter 2015 Earnings Release Tables).

[1] **Adjusted EBITDA** provides a useful measure of operational performance. The Company defines Adjusted EBITDA as GAAP operating income plus depreciation, amortization, transaction-related compensation, restructuring charges, (gain) loss on sale or disposal of assets, transaction costs, curtailment gain, asset impairments, components of pension and other retirement plan costs (including interest costs, asset returns, and amortization of actuarial gains and losses), and other special items. Adjusted EBITDA should not be considered as an alternative to comparable GAAP measures of profitability and may not be comparable with the measure as defined by other companies.

[2] **Free cash flow** provides a useful measure of operational performance, liquidity and financial health. The company defines free cash flow as cash provided by (used in) operating, financing and investing activities, adjusted for the issuance and repayment of debt, debt issuance costs, the repurchase of common stock, and the proceeds from the sale or the use of funds from the purchase of business operations, including transaction costs. Free cash flow should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities, or the change in cash on the balance sheet and may not be comparable with free cash flow as defined by other companies. Although the company feels that there is no comparable GAAP measure for free cash flow, the attached financial information reconciles free cash flow to the net increase (decrease) in cash and cash equivalents.

[3] **Net debt** provides a useful measure of liquidity and financial health. The company defines net debt as the sum of the face amount of short-term and long-term debt and unamortized premium and/or discount, offset by cash and cash equivalents. Net debt should not be considered as an alternative to comparable GAAP measures of liquidity and may not be comparable with the measure as defined by other companies.

Financial Highlights

(dollars in millions)	Year Ended December 31, 2015	2014	2013 (b)
Operating Data(a)			
Revenue	**$1,167.8**	**$1,161.5**	$1,073.4
Cost of services and products, selling, general and administrative, depreciation and amortization expense	**1,031.3**	**979.5**	877.6
Other operating costs and losses (c)	**8.5**	**5.1**	56.0
Operating income	**128.0**	**176.9**	139.8
Interest expense	**103.1**	**145.9**	176.0
Loss on extinguishment of debt	**20.9**	**19.6**	29.6
Loss from CyrusOne investment	**5.1**	**7.0**	10.7
Gain on sale of CyrusOne investment	**(449.2)**	**(192.8)**	—
Net income (loss)	**$ 353.7**	**$ 75.6**	$ (54.7)
Financial Position(a)			
Property, plant and equipment, net	**$ 975.5**	**$ 815.4**	$ 756.8
Total assets (d)	**1,454.4**	**1,820.7**	2,108.4
Total long-term obligations (e)	**1,493.4**	**2,058.4**	2,529.7

These financial results should be read in conjunction with the Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K included in this document.

(a) We ceased operations of our wireless business as of March 2015. As a result, wireless financial results are now presented as discontinued operations. Therefore, we have recast the information above for all periods presented.

(b) Results for 2013 include revenues and expenses for CyrusOne, our former data center business, for the period January 1, 2013 through January 23, 2013. Effective January 24, 2013, the date of the CyrusOne IPO, we no longer include CyrusOne’s operating results in our consolidated financial statements.

(c) Other operating costs and losses consist of restructuring charges (reversals), transaction-related compensation, curtailment loss (gain), loss (gain) on sale or disposal of assets - net, impairment of assets and transaction costs.

(d) Total assets include current and noncurrent assets from discontinued operations.

(e) Total long-term obligations comprise long-term debt less current portion, pension and postretirement benefit obligations, other noncurrent liabilities and noncurrent liabilities from discontinued operations.

Safe Harbor Statement

This annual report and the documents incorporated by reference herein contain forward-looking statements regarding future events and our future 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,” variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our 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 our 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 release and those discussed in other documents we file with the Securities and Exchange Commission (SEC). More information on potential risks and uncertainties is available in our recent filings with the SEC, including Cincinnati Bell’s Form 10-K report, Form 10-Q reports and Form 8-K reports. Actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

Board of Directors

Phillip R. Cox (1, 2, 3*, 4)
Chairman of the Board
Cincinnati Bell Inc.
President and Chief Executive Officer
Cox Financial Corporation

John W. Eck (2, 4)
Chief Operations Officer and
Executive Vice President
Univision Communications, Inc.

Jakki L. Haussler (1, 2)
Chairman and Chief Executive Officer
Opus Capital Group

Committees
(1) Audit & Finance
(2) Compensation
(3) Executive
(4) Governance & Nominating
* Committee Chair

Craig F. Maier (1, 2*, 3)
President and Chief Executive Officer
Frisch's Restaurants, Inc.

Russel P. Mayer (1, 3, 4*)
Retired Executive Vice President, Chief
Information Officer and Quality Leader
GE Healthcare

Lynn A. Wentworth (1*, 2, 3)
Retired Senior Vice President,
Chief Financial Officer and Treasurer
BlueLinx Holdings Inc.

Martin J. Yudkovitz (4)
Retired Head of Strategic
Innovation Group
The Walt Disney Company

John M. Zrno (1, 4)
Retired President and
Chief Executive Officer
IXC Communications, Inc.

Theodore H. Torbeck (3)
President and Chief Executive Officer
Cincinnati Bell Inc.

Company Officers

Theodore H. Torbeck
President and
Chief Executive Officer

Leigh R. Fox
Chief Financial Officer

Thomas E. Simpson
ChiefTechnology Officer

Christopher J. Wilson
Vice President, General Counsel
and Secretary

Joshua T. Duckworth
Vice President, Investor
Relations and Controller

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Cincinnati Bell Inc.
221 East Fourth Street
Cincinnati, Ohio 45202

March 18, 2016

Dear Fellow Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Cincinnati Bell Inc. to be held at 11:00 a.m., Eastern Daylight Time, on Friday, April 29, 2016, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio.

This booklet includes the formal notice of the meeting as well as the proxy statement. The proxy statement gives you information about the formal items of business to be voted on at the meeting and other information relevant to your voting decisions.

We are providing our shareholders access to the proxy materials and our 2015 annual report over the internet. This allows us to provide you with the annual meeting information you need in a fast and efficient manner, while reducing the environmental impact of our annual meeting. On or about March 18, 2016, we will mail to shareholders a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy statement and 2015 annual report online and how to vote online. If you receive such a Notice by mail, you will not receive a printed copy of the materials unless you specifically request one. However, the Notice contains instructions on how to request printed copies of these materials and a proxy card by mail.

Your vote is very important to us. Regardless of the number of shares you own, please vote. You can vote your shares by internet, toll-free telephone call, or, if you request that the proxy materials be mailed to you, by completing, signing and returning the proxy card enclosed with those materials. Please see page 2 of the proxy statement for more detailed information about your voting options.

Very truly yours,

Phillip R. Cox

Chairman of the Board

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

Time and Date: 11:00 a.m., Eastern Daylight Time, Friday, April 29, 2016

Place: Queen City Club
331 East Fourth Street
Cincinnati, Ohio

Matters to be Voted upon:

- Election as directors of the nine nominees named in the accompanying proxy statement for one-year terms expiring at the 2017 annual meeting of shareholders;
- Approval, by non-binding advisory vote, of our executive officers' compensation;
- Approval of an amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors;
- Re-approval of the material terms of the performance goals under the Cincinnati Bell Inc. 2011 Short-Term Incentive Plan;
- Ratification of our Audit Committee's appointment of our independent registered public accounting firm for 2016; and
- Any other business properly brought before the meeting and any adjournments or postponements of the meeting.

Record Date: February 29, 2016
Only shareholders of record as of the close of business on this date are entitled to vote.

Whether or not you plan to attend the meeting, ***we encourage you to vote as promptly as possible*** *by the internet or by telephone. If you request a printed copy of the proxy materials, you may complete and return by mail the proxy or voting instruction card you will receive in response to your request, or you can vote by the internet or by telephone. If you attend the meeting and wish to change your vote, you can do so by voting in person at the meeting.*

Christopher J. Wilson
Vice President, General Counsel and Secretary

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Cincinnati Bell Inc. (“Cincinnati Bell”, “we”, “our”, “us”, or the “Company”) will be held at 11:00 a.m., Eastern Daylight Time, on Friday, April 29, 2016, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio.

We are furnishing this proxy statement to our shareholders in connection with the solicitation of proxies by our Board of Directors for the 2016 annual meeting of shareholders on that date, and any adjournment or postponement of the meeting. Our 2015 annual report accompanies this proxy statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 29, 2016.

This proxy statement and the 2015 annual report are first being made available on the website at ***www.proxyvote.com****, or mailed to shareholders who have requested paper copies, on or about March 18, 2016. Other information on our website does not constitute part of this proxy statement.*

TABLE OF CONTENTS

	Page
MEETING AND VOTING HIGHLIGHTS	1
GOVERNANCE	3
Board of Directors and Committees	3
Corporate Governance Overview	3
Director Independence	4
Committees of the Board	4
Other Responsibilities and Governance Process	7
Director Compensation	9
Annual Compensation Program	9
2015 Director Compensation	12
Board of Directors Selection Process	13
Director Qualifications and Nominations	13
ITEM 1 - ELECTION OF DIRECTORS	14
STOCK OWNERSHIP	18
Ownership of Equity Securities of the Company	18
Directors and Executive Officers	18
Principal Shareholders	19
Section 16(a) Beneficial Ownership Reporting Compliance	20
EXECUTIVE COMPENSATION	20
Compensation Discussion and Analysis	20
Compensation Committee Report	35
Compensation Tables	36
Summary Compensation Table	36
Grants of Plan-Based Awards	38
Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table	39
Outstanding Equity Awards at Fiscal Year-End	41
Option Exercises and Stock Vested	42
Nonqualified Deferred Compensation	43
Potential Payments upon Termination or Change in Control	44
ITEM 2 - ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION	48
ITEM 3 - APPROVAL OF AN AMENDMENT TO THE CINCINNATI BELL INC. 2007 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS	49
ITEM 4 - RE-APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE CINCINNATI BELL INC. 2011 SHORT-TERM INCENTIVE PLAN	54
EQUITY COMPENSATION PLAN INFORMATION	60

AUDIT MATTERS 61
Audit and Finance Committee Report 61
Other Audit Information 62
ITEM 5 - RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM 63
QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING 63
COMMUNICATIONS AND SHAREHOLDER'S PROPOSALS 69
ANNEX A - RECONCILIATION OF GAAP AND NON-GAAP MEASURES A-1
SCHEDULE 1 - INDUSTRY PEER GROUP SCH-1
SCHEDULE 2 - TELECOMMUNICATIONS PEER GROUP SCH-2
APPENDIX I - CINCINNATI BELL INC. 2007 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS APP-I-1
APPENDIX II - CINCINNATI BELL INC. 2011 SHORT-TERM INCENTIVE PLAN APP-II-1

Meeting and Voting Highlights

The Annual Meeting

Time and Date: 11:00 a.m., Eastern Daylight Time, Friday, April 29, 2016

Place: Queen City Club
331 East Fourth Street
Cincinnati, Ohio

Record Date: February 29, 2016

Purpose of Meeting

This is the annual meeting of the shareholders of Cincinnati Bell Inc. ("Cincinnati Bell", "we", "our", "us", or the "Company"). At the meeting, we will be voting upon:

		Board's Recommendation	Votes Required for Approval
Proposal 1:	Election of directors for one-year terms expiring in 2017.	FOR each nominee	Majority of votes cast
Proposal 2:	Approval, by a non-binding advisory vote, of our executive officers' compensation.	FOR	Majority of shares present and entitled to vote
Proposal 3:	Approval to an amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors (the "2007 Directors Plan").	FOR	Majority of shares present and entitled to vote
Proposal 4:	Re-approval of the material terms of the performance goals under the Cincinnati Bell Inc. 2011 Short-Term Incentive Plan (the "2011 Short-Term Incentive Plan").	FOR	Majority of shares present and entitled to vote
Proposal 5:	Ratification of our Audit Committee's appointment of our independent registered public accounting firm for 2016.	FOR	Majority of shares present and entitled to vote

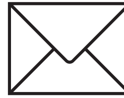
Our Board of Directors ("Board") strongly encourages you to exercise your right to vote on these matters. Your vote is important.

Who May Vote

Common and preferred stock shareholders of Cincinnati Bell Inc. whose shares are recorded directly in their names in our stock register ("shareholders of record") at the close of business on February 29, 2016 (the "Record Date"), may vote their shares on the matters to be acted upon at the meeting. Shareholders who hold shares of our common stock in "street name," that is, through an account with a bank, broker, or other holder of record, as of such date may direct the holder of record how to vote their shares at the meeting by following the instructions that the street name holders will receive from the holder of record.

How to Vote

If you meet the above qualification, you may vote in one of the following four ways:

BY INTERNET	BY PHONE	BY MAIL	ATTEND THE MEETING
			
Go to ***www.proxyvote.com*** 24/7 and follow the instructions. You need the 12-digit control number included in the Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form sent to you. Voting will be available until 11:59 p.m., EDT, April 28, 2016.	Call toll-free 1-800-690-6903, 24/7, and follow the instructions. You need the 12-digit control number included in the Notice of Internet Availability of Proxy Materials, proxy card or voting instructions form sent to you. Voting will be available until 11:59 p.m., EDT, April 28, 2016.	You can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. Please mail these items to allow delivery prior to the meeting.	Whether you are a shareholder of record or a street name holder, you may vote your shares at the annual meeting if you attend in person. See "How can I attend and vote my shares at the meeting?" on page 65.

To allow sufficient time for voting, your voting instructions must be received by 11:59 p.m. Eastern Daylight Time ("EDT"), on April 28, 2016.

Admission to the Meeting

If you are a shareholder of record, you will need to bring with you to the meeting either the Notice of Internet Availability of Proxy Materials (the "Notice") or any proxy card that is sent to you. Otherwise, you will be admitted only upon other verification of record ownership at the admission counter.

If you own shares held in street name, bring with you to the meeting either the Notice or any voting instruction form that is sent to you, or your most recent brokerage statement or a letter from your bank, broker, or other record holder indicating that you beneficially owned shares of our common stock on February 29, 2016. We can use that to verify your beneficial ownership of common stock and admit you to the meeting. **If you intend to vote at the meeting, you also will need to bring to the meeting a signed proxy from your bank, broker, or other holder of record that authorizes you to vote the shares that the record holder holds for you in its name.**

Additionally, all persons will need to bring a valid government-issued photo ID to gain admission to the meeting.

Additional Information

More detailed information about the 2016 annual meeting and voting can be found in “Questions and Answers” beginning on page 63.

Governance

Board of Directors and Committees

Corporate Governance Overview

Our business, property and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our President and Chief Executive Officer and other officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees.

The Company’s Amended Regulations provide that the Board shall consist of not less than nine nor more than 17 persons, with the exact number to be fixed and determined by resolution of the Board or by resolution of the shareholders at any annual or special meeting of shareholders. At this time, the Board has determined that the Board shall consist of nine members.

On January 23, 2015, Mr. Alan R. Schriber informed the Company that he would not seek re-election to the Board when his term expired in 2015, and on April 30, 2015, Mr. Schriber’s position on the Board became vacant. Effective July 2, 2015, Mr. Martin J. Yudkovitz was appointed to the Board to fill the vacancy resulting from Mr. Schriber’s decision not to stand for re-election at last year’s annual meeting.

The Company has a long-standing policy that the positions of Chairman of the Board (currently held by Mr. Phillip R. Cox) and Chief Executive Officer (currently held by Mr. Theodore H. Torbeck) should be held by separate persons, as discussed in its Corporate Governance Guidelines. The Company continues to believe that this structure is in the best interest of shareholders because it facilitates the Board’s oversight of management, allows the independent directors to be more actively involved in setting agendas and establishing priorities for the work of the Board, and is consistent with the principles of good corporate governance.

Our Board currently has the following four committees: (i) the Audit and Finance Committee, (ii) the Compensation Committee, (iii) the Governance and Nominating Committee, and (iv) the Executive Committee. The members and function of each committee are described below. During fiscal year 2015, the Board held eight meetings, and all directors attended at least 75% of all Board and applicable committee meetings during the period in which he or she served as a director.

Under the Company’s Corporate Governance Guidelines, directors are expected to attend the Annual Meeting of Shareholders. All of the directors, who were on the Board at the time and were seeking election, attended the 2015 Annual Meeting of Shareholders.

For information on how to obtain a copy of the Company’s Corporate Governance Guidelines, please see page 69.

Director Independence

In accordance with the rules and listing standards of the New York Stock Exchange (“NYSE”) and the Company’s Corporate Governance Guidelines, the Board affirmatively evaluates and determines the independence of each director and each nominee for election. Based on an analysis of information supplied by the directors, the Board evaluates whether any director has any material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company that might cause a conflict of interest in the performance of a director’s duties.

Based on these standards, the Board determined that each of the following persons who served as a non-employee director in 2015 is (or was) independent and has (or had) no relationship with the Company, except as a director and shareholder:

- Phillip R. Cox
- John W. Eck
- Jakki L. Haussler
- Craig F. Maier
- Russel P. Mayer
- Alan R. Schriber*
- Lynn A. Wentworth
- Martin J. Yudkovitz**
- John M. Zrno

* Mr. Schriber did not stand for re-election at last year’s annual meeting and his term ended April 30, 2015.
** Mr. Yudkovitz was appointed to the Board effective July 2, 2015.

In addition, based on these standards, the Board determined that Mr. Torbeck was not independent because he served as the President and Chief Executive Officer of the Company in 2015.

The non-employee directors of the Company meet in executive session without management present at each regularly scheduled meeting of the Board. Mr. Cox presides at the meetings of the non-employee directors.

Committees of the Board

The Board has four committees: (i) Audit and Finance Committee, (ii) Compensation Committee, (iii) Governance and Nominating Committee and (iv) Executive Committee. For information on how to obtain a copy of each committee’s charter (other than the Executive Committee), please see page 69.

The directors serving on each Committee are appointed by the Board at least annually for terms expiring at the next annual meeting of shareholders.

The following table lists the chairs (C) and members (M) of each standing committee as at the end of 2015:

Name of Director	Audit and Finance	Compensation	Governance and Nominating	Executive
Non-Employee Directors (a)				
Phillip R. Cox	M	M	M	C
John W. Eck		M	M	
Jakki L. Haussler	M	M		
Craig F. Maier	M	C		M
Russel P. Mayer	M		C	M
Lynn A. Wentworth	C	M		M
Martin J. Yudkovitz (b)			M	
John M. Zrno	M		M	
Employee Directors				
Theodore H. Torbeck				M

(a) All non-employee directors were determined by the Board to be independent directors.
(b) Effective July 2, 2015, Mr. Yudkovitz was appointed to fill a vacancy on the Board.

In addition, Mr. Alan R. Schriber served as a member of the Compensation Committee and the Governance and Nominating Committee until the expiration of his term on the Board on April 30, 2015.

Audit and Finance Committee: The Audit and Finance Committee currently consists of six persons, none of whom is an executive officer of the Company. The Audit and Finance Committee held five meetings during 2015. The purpose of the Audit and Finance Committee is, among other things, to assist the Board in its oversight of (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the independent registered public accounting firm ("Independent Registered Public Accounting Firm"), (iv) the Company's risk assessment and risk management policies, and (v) the performance of the Company's internal audit function and Independent Registered Public Accounting Firm. To this end, the Audit and Finance Committee meets in executive session with its own members and may also meet separately with the Independent Registered Public Accounting Firm, the Company's internal auditors, General Counsel or members of management. The Audit and Finance Committee Charter provides a more detailed description of the responsibilities and duties of the Audit and Finance Committee. For information on how to obtain a copy of the Audit and Finance Committee Charter, please see page 69.

While the Board has ultimate responsibility for risk oversight, it delegates many of these functions to the Audit and Finance Committee. The Audit and Finance Committee receives regular updates on the Company's existing and emerging risks from the Company's Internal Audit department. The updates are based upon interviews with senior management of the Company as well as other key employees. The updates include risk rankings and a general description of risk mitigation activities pertaining to each item. In addition, the Audit and Finance Committee receives regular updates from the Company's Chief Security Officer on cyber security risks and the actions being taken by his department to monitor and mitigate those risks. The Audit and Finance Committee also oversees the Company's Security Breach Response and Notification Plan, which sets forth the Company's plan for notifying affected persons and other stakeholders in the event a security breach involving personally identifiable information or protected health information triggers notification requirements under applicable law. The Audit and Finance Committee provides periodic updates to the full Board on risk oversight and cyber security matters.

In performing its duties, the Audit and Finance Committee meets as often as necessary and at least once each calendar quarter with members of management, the Company's internal audit staff and the Independent Registered Public Accounting Firm. An agenda for each such meeting is provided in advance to the members of the Audit and Finance Committee.

The Board determined that each member of the Audit and Finance Committee satisfies the independence requirements of the rules and regulations of the Securities and Exchange Commission (the "SEC") and the independence and other requirements of the rules and listing standards of the NYSE. No member of the Audit and Finance Committee serves on the audit committees of more than three public companies. In addition, the Board determined that Ms. Wentworth and Ms. Haussler are audit committee financial experts as defined in the regulations of the SEC and that each member of the Audit and Finance Committee is financially literate as defined by the rules and listing standards of the NYSE. For Ms. Wentworth's and Ms. Haussler's relevant experience, please see pages 15 - 16.

Compensation Committee: The Compensation Committee currently consists of five persons, none of whom is an executive officer. The Compensation Committee held five meetings during 2015. The Compensation Committee is responsible for, among other things, ensuring that directors and certain key executives are effectively and competitively compensated in terms of base compensation and short- and long-term incentive compensation and benefits. In addition, the Compensation Committee evaluates the performance of the Chief Executive Officer and reviews with management the succession planning process for key executive positions. The Compensation Committee Charter provides a more detailed description of the responsibilities and duties of the Compensation Committee. For information on how to obtain a copy of the Compensation Committee Charter, please see page 69.

The Compensation Committee meets as often as necessary to perform its duties. The Compensation Committee also meets separately with the Company's Chief Executive Officer and other corporate officers, as it deems appropriate, to establish and review the performance criteria and compensation of the Company's executive officers. An agenda for each meeting is provided in advance to the members of the Compensation Committee.

The Board determined that each member of the Compensation Committee satisfies the independence requirements of the rules and listing standards of the NYSE.

Governance and Nominating Committee: In 2015, the Governance and Nominating Committee consisted of five persons, none of whom is an executive officer. The Governance and Nominating Committee held three meetings during 2015. The Governance and Nominating Committee, among other things, identifies individuals to become members of the Board, periodically reviews the size and composition of the Board, evaluates the performance of Board members, makes recommendations regarding the determination of a director's independence, recommends committee appointments and chairpersons to the Board, periodically reviews and recommends to the Board updates to the Company's Corporate Governance Guidelines and related Company policies and oversees an annual evaluation of the Board and its committees. The Governance and Nominating Committee Charter provides a more detailed description of the responsibilities and duties of the Governance and Nominating Committee. For information on how to obtain a copy of the Governance and Nominating Committee Charter, please see page 69.

The Chief Executive Officer and the Secretary of the Company typically attend the meetings of the Governance and Nominating Committee. An agenda for each such meeting is provided in advance to the members of the Governance and Nominating Committee.

The Board determined that each member of the Governance and Nominating Committee satisfies the independence requirements of the rules and listing standards of the NYSE.

Executive Committee: The Executive Committee currently consists of five persons, one of whom is the President and Chief Executive Officer of the Company. The Executive Committee did not hold any meetings during 2015. The Executive Committee acts on behalf of the Board in certain matters, when necessary, between Board meetings.

Other Responsibilities and Governance Process

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As of December 31, 2015, the members of the Compensation Committee included Ms. Wentworth, Ms. Haussler and Messrs. Cox, Eck and Maier. None of the Compensation Committee members have at any time been an officer or employee of the Company. None of the Company's executive officers serve, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the Company's Board or Compensation Committee.

CODE OF BUSINESS CONDUCT AND CODES OF ETHICS

The Company has a Code of Business Conduct applicable to all officers and employees that describes requirements related to ethical conduct, conflicts of interest and compliance with laws. In addition to the Code of Business Conduct, the Chief Executive Officer and senior financial officers are subject to the Code of Ethics for Senior Financial Officers and the directors are subject to the Code of Ethics for Directors.

For information on how to obtain a copy of the Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers or Code of Ethics for Directors, please see page 69.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present a heightened risk of potential or actual conflicts of interest. Accordingly, as a general matter, it is the Company's preference to avoid related party transactions. Current SEC rules define a related party transaction to include any transaction, arrangement or relationship (i) in which the Company is a participant, (ii) in which the transaction has an aggregate value greater than $120,000, and (iii) in which any of the following persons has or will have a direct or indirect material interest:

- an executive officer, director or director nominee of the Company;
- any person who is known to be the beneficial owner of more than 5% of the Company's common and preferred shares;
- any person who is an immediate family member (as defined under Item 404 of Regulation S-K) of an executive officer, director or director nominee or beneficial owner of more than 5% of the Company's common or preferred shares; or
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person, together with any other of the foregoing persons, has a 10% or greater beneficial ownership interest.

The Company's Code of Business Conduct, the Company's Code of Ethics for Senior Financial Officers and the Company's Code of Ethics for Directors require directors, officers and all other members of the workforce to avoid any relationship, influence or activity that would cause or even appear to cause a conflict of interest. The Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers and Code of Ethics for Directors generally require (i) a director to promptly disclose to the Governance and Nominating Committee any potential or actual conflict of interest involving him or her and (ii) an employee, including the executive officers, to promptly disclose a conflict of interest to the General Counsel. The Governance and Nominating Committee (and, if applicable, the General Counsel) determines an appropriate resolution to actual or potential conflicts of interest on a case-by-case basis. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests.

All related party transactions shall be disclosed in the Company's applicable filings with the SEC as required under SEC rules. In 2015, there were no related party transactions requiring disclosure, except as follows: Prior to his appointment to the Board in 2013, Mr. Mayer served as an executive officer of General Electric Co. ("GE"), a significant client of the Company. In evaluating the transactions, the Governance and Nominating Committee considered the fact that (a) Mr. Mayer had retired from GE prior to his appointment to the Board and (b) no longer served in any capacity with GE and thus received no direct or indirect material benefit because of the Company's business relationship with GE. Further, the Board affirmatively determined that such transaction is an immaterial relationship that does not affect the independence of Mr. Mayer under the standards set forth in the NYSE rules and SEC rules. The Company believed that the transactions entered into between the Company and GE were on terms that are reasonable and in the best interests of the Company. The Board has determined that Mr. Mayer received no material benefit as a result of such transactions.

Director Compensation

Annual Compensation Program

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. In setting director compensation, the Company considers the significant amount of time that Directors spend in fulfilling their duties to the Company as well as the skill level required.

Compensation for Employee Directors

Directors who are also employees of the Company (or any subsidiary of the Company) receive no additional compensation for serving on the Board or its committees during the period of their employment. If such directors continue on the Board after their employment ends, such directors may receive additional compensation in connection with such continued service.

General Compensation Policy for Non-Employee Directors

Directors who are not employees of the Company or any subsidiary of the Company ("non-employee directors") while serving as directors of the Company receive compensation from the Company for their service on the Board. The table below sets forth the annual compensation for non-employee directors in 2015.

Compensation Element	2015
Chairman of the Board Annual Retainer (a)	$ 320,000
Annual Board Retainer	$ 70,000
Annual Board Equity Award (b)	$ 80,000
Annual Audit and Finance Committee Chairman Retainer	$ 27,000
Annual Audit and Finance Committee Member Retainer	$ 15,000
Annual Compensation Committee Chairman Retainer	$ 18,000
Annual Compensation Committee Member Retainer	$ 10,000
Annual Governance and Nominating Committee Chairman Retainer	$ 16,000
Annual Governance and Nominating Committee Member Retainer	$ 10,000

(a) The Chairman is not entitled to receive any of the other annual Board or Committee retainers described above; however, the Chairman is eligible for the Annual Board Equity Award.

(b) The Annual Board Equity Award is paid in the form of an award granted under the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors. In 2015, the Annual Board Equity Award was paid to all non-employee directors, including the Chairman of the Board, in the form of restricted stock units with an aggregate value of $80,000 and a one-year vesting period. On July 29, 2015, the Board increased the value of the Annual Board Equity Award to $90,000 beginning with the 2016 award grants and approved the use of pro-rated Annual Board Equity Awards to new directors. Because Mr. Yudkovitz was approved to the Board mid-year, he received a prorated Annual Board Equity Award in 2015.

Non-Employee Directors Deferred Compensation Plan

Effective October 30, 2015, the Board approved the termination of the Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors (the "Directors Deferred Compensation Plan"). The Directors Deferred Compensation Plan's termination liquidation and distributions will be accomplished in compliance with Section 409A of the Internal Revenue Code and the Treasury Regulations issued thereunder. In accordance with the Internal Revenue Code, no new deferrals are permitted and all outstanding account balances will be distributed to the participants on November 7, 2016.

The Directors Deferred Compensation Plan allowed each non-employee director of the Company to defer receipt of all or a part of his or her director fees and annual retainers and to have such deferred amounts credited to an account of the director under the plan. A non-employee director could also choose to have such deferrals assumed to be invested among a number of investment options that are designated for this purpose by the Compensation Committee of the Board, and his or her account under the plan is adjusted by the investment returns that would result if such amounts were invested in the investment options that he or she chooses.

The Board may have, in its discretion, also credited to the plan account of any non-employee director of the Company an amount equal to the value of a number of Company common shares determined by the Board. The Board exercised its discretion in crediting amounts to the plan accounts of the non-employee directors with the intent that such credits, together with other compensation that either is paid in the form of Company common shares or has its value determined in relation to the value of common shares (such grants and such other compensation referred to as "Company equity-based compensation"), is approximately equal to the median level of the value of equity-based compensation provided by comparable companies to their non-employee directors. In exercise of such discretion in 2015, no credits were made to the non-employee directors plan accounts. Any credit made by the Board in its discretion to a non-employee director's account under the plan was also adjusted by the investment returns that would result if such amounts were invested exclusively in common shares of the Company. A non-employee director will generally be vested in the amounts credited to his or her account under the plan only if he or she completed at least five years of active service as a non-employee director of the Company (with a fraction of a year of service as a non-employee director being rounded up or down to the nearest whole year) or if he or she died while a member of the Board.

A non-employee director of the Company may also have had additional amounts credited to his or her account under the Directors Deferred Compensation Plan based on his or her deferral of director fees and annual retainers for earlier years or on other extra amounts that were credited by the Company to his or her account under the plan in prior years. The portion of a non-employee director's account under the plan that is attributable to such earlier credited amounts was also adjusted by the investment returns that would result if such amounts were invested in investment options that he or she chooses, in common shares or in other investments, depending on the particular credits that are involved.

Each payment made to a non-employee director of the vested amounts credited to his or her account under the Directors Deferred Compensation Plan is made in the form of cash to the extent such amounts are deemed to be invested under the plan other than in common shares and will be distributed in the form of common shares to the extent such amounts are deemed to be invested under the plan in such shares; except that (i) the vested portion of his or her account under the plan that is attributable to any credit that is or has been made by the Board in its discretion to his or her plan account (or that is attributable to certain Board designated annual credits made to his or her plan account in earlier years) and (ii) the value of any vested amount that is deemed to be invested in a fractional common share will, in each such case, only be paid in cash.

The Company will reimburse a non-employee director for all reasonable commissions or similar costs he or she incurs in selling any common shares he or she receives under the Directors Deferred Compensation Plan, or make arrangements to permit the director to have such shares sold without commissions or similar fees charged to him or her, if the director wants to sell such shares shortly (generally within two weeks) after he or she receives them.

Until paid, all amounts credited to a non-employee director's account under the Directors Deferred Compensation Plan are not funded or otherwise secured, and all payments under the plan are made from the general assets of the Company.

The Directors Deferred Compensation Plan must comply with the requirements of the American Jobs Creation Act of 2004 in order to retain its ability to defer federal income tax on certain amounts credited to a non-employee director's account under the plan. The Company has amended the plan to meet the requirements of the American Jobs Creation Act of 2004.

Non-Employee Directors Plan

The Company grants its non-employee directors time-based restricted shares and/or options to purchase common shares under the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (the “2007 Directors Plan”). Pursuant to the current terms of such plan, each non-employee director of the Company, at the discretion of the Board, may be granted a number of restricted common shares and/or a stock option for a number of common shares (as determined by the Board) on the date of each annual meeting, if such director first became a non-employee director of the Company before the date of such annual meeting and continues in office as a non-employee director after such meeting.

Currently under the 2007 Directors Plan, up to 1,000,000 common shares may in the aggregate be the subject of awards granted during the life of the plan, all of which could be subject to stock option awards or restricted stock awards. As described in more detail on pages 49 - 53, the shareholders of the Company are being asked to approve an amendment to the 2007 Directors Plan. The amendment, if approved, would increase the aggregate number of common shares that may be awarded under the 2007 Directors Plan to 1,500,000 common shares.

The Company has flexibility regarding the type of awards to issue. The Board will exercise its discretion in granting such options and/or time-based restricted shares with the intent that such grants, together with other Company equity-based compensation, provide Company equity-based compensation that is competitive with the value of equity-based compensation provided by comparable companies to their non-employee directors.

Under the 2007 Directors Plan, in 2015 the Company granted restricted stock unit awards that vest after one year and with an aggregate value of $80,000 on the date of grant to each non-employee director. In July 2015, the Board approved granting pro-rated awards to newly elected or appointed directors. In 2016, the Company intends to again grant restricted stock units that vest after one year and with an aggregate value of $90,000 on the date of grant to each incumbent non-employee director. For 2014 and earlier, the Company annually granted awards with an aggregate value of $70,000 on the date of grant to each incumbent non-employee director. Awards granted in 2013 and earlier were in the form of time-based restricted shares and awards granted in 2014 were in the form of restricted stock units. The restricted shares issued in 2012 and prior vested on the third anniversary of the grant date, the restricted shares issued in 2013 vested on the second anniversary of the grant date, and the restricted stock units issued in 2014 vested on the first anniversary of the grant date.

Each stock option granted to a non-employee director under the 2007 Directors Plan, or a predecessor plan, requires that upon the exercise of the option, the price to be paid for the common shares that are being purchased under the option will be equal to 100% of the fair market value of such shares as determined at the time the option is granted. With certain exceptions provided in the 2007 Directors Plan, a non-employee director of the Company who is granted an option under the plan generally will have ten years from the date of the grant to exercise the option.

In general, each award will require that the restrictions not lapse in full unless the non-employee director continues to serve as a director of the Company for the vesting period after the applicable award grant date or ends service as a Company director under special circumstances (e.g., death, disability, or attaining retirement age).

2015 Director Compensation

The following table shows the compensation paid to our non-employee directors for the 2015 fiscal year:

Name	DIRECTOR COMPENSATION			
	Fees Earned or Paid in Cash ($) (a)	Stock Awards ($) (b) (c)	Option Awards ($) (c)	Total ($)
Phillip R. Cox	320,000	80,000	—	400,000
John W. Eck	80,073	80,000	—	160,073
Jakki L. Haussler	95,000	80,000	—	175,000
Craig F. Maier	103,000	80,000	—	183,000
Russel P. Mayer	92,555	80,000	—	172,555
Alan R. Schriber (d)	52,417	—	—	52,417
Lynn A. Wentworth	107,000	80,000	—	187,000
Martin J. Yudkovitz (e)	19,239	67,000	—	86,239
John M. Zrno	95,000	80,000	—	175,000

(a) No Board member elected to defer fees or annual retainers in fiscal 2015.

(b) The values reflect the aggregate grant-date fair value of the restricted stock units granted on April 30, 2015 to all directors except Mr. Yudkovitz, and of the restricted stock units granted on July 29, 2015 to Mr. Yudkovitz, computed in accordance with Accounting Standards Codification Topic 718, "Compensation - Stock Compensation" ("ASC 718") for all awards. For a discussion of the valuation assumptions and methodology, see Note 15 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2015.

(c) No stock options were awarded in 2015. As of December 31, 2015, the non-employee directors and former directors held an aggregate of 180,448 unvested stock awards and an aggregate of 84,400 option awards (granted in years prior to 2008), as set forth in the table below.

Name	Number of Unvested Stock Awards Outstanding as of December 31, 2015	Number of Option Awards Outstanding as of December 31, 2015
Phillip R. Cox	23,324	18,000
John W. Eck	23,324	—
Jakki L. Haussler	23,324	—
Craig F. Maier	23,324	—
Russel P. Mayer	23,324	—
Lynn A. Wentworth	23,324	—
Martin J. Yudkovitz	17,180	—
John M. Zrno	23,324	66,400

(d) Mr. Schriber did not stand for re-election at the expiration of his term on April 30, 2015 and did not receive a grant in 2015.

(e) Mr. Yudkovitz was appointed to the Board on July 2, 2015 and received a pro-rated grant as a newly appointed director.

Board of Directors Selection Process

Director Qualifications and Nominations

The Governance and Nominating Committee will consider director candidates recommended by shareholders. The Governance and Nominating Committee did not receive, and therefore did not consider, any recommendations for director candidates by any shareholder for the 2016 Annual Meeting.

The Governance and Nominating Committee uses the following process to identify and evaluate director nominee candidates. Any qualified individual or group, including shareholders, incumbent directors and members of senior management, may at any time propose a candidate to serve on the Board. Background information on proposed candidates is forwarded to the Governance and Nominating Committee. For information on how to propose a candidate to serve on the Board, please see page 69. The Governance and Nominating Committee reviews forwarded materials relating to prospective candidates in the event of a director vacancy. A candidate selected from the review is interviewed by each member of the Governance and Nominating Committee, unless the member waives the interview requirement. If approved by the Governance and Nominating Committee, the candidate will be recommended to the full Board for consideration. The Governance and Nominating Committee evaluates shareholder-recommended candidates in the same manner that it evaluates all other candidates.

All nominees to the Board should possess the following attributes:

- Established leadership reputation in his/her field;
- Known for good business judgment;
- Active in business;
- Knowledge of business on a national/global basis;
- Meets high ethical standards; and
- Commitment to regular board/committee meeting attendance.

In addition, the Board will consider the following factors:

- The nominee's familiarity with the field of telecommunications; and
- Whether the nominee would contribute to the gender, racial and/or geographical diversity of the Board.

While the Company has not adopted a formal process or policy for making sure that diversity exists on the Board, the selection criteria used by the Governance and Nominating Committee when considering director nominees, as noted above, includes as a factor whether a nominee would contribute to the gender, racial and/or geographical diversity of the Board.

Mr. Martin J. Yudkovitz was appointed to the Board effective July 2, 2015. He is the only director nominee at the 2016 Annual Meeting who is standing for election by the shareholders for the first time. The Governance and Nominating Committee, based upon the suggestion of Messrs. Eck and Mayer, recommended Mr. Yudkovitz as a nominee to fill the vacancy created by Mr. Alan R. Schriber's decision to not seek re-election at last year's annual meeting.

Item 1 - Election of Directors

The Company's Amended Regulations provide that the Board shall consist of not less than nine nor more than 17 persons, with the exact number to be fixed and determined by resolution of the Board or by resolution of the shareholders at any annual or special meeting of shareholders. The Board has determined that the Board shall consist of nine members.

The directors will serve until their respective successors are elected and qualified.

Based upon the recommendations of the Governance and Nominating Committee, the Board has nominated Phillip R. Cox, John W. Eck, Jakki L. Haussler, Craig F. Maier, Russel P. Mayer, Lynn A. Wentworth, Martin J. Yudkovitz, John M. Zrno and Theodore H. Torbeck to serve until the 2017 Annual Meeting of Shareholders. Each of the nominees is standing for re-election, except for Mr. Yudkovitz, who is standing for election for the first time. Mr. Yudkovitz was appointed to the Board on July 2, 2015 to fill a vacancy resulting from the decision of Mr. Alan R. Schriber not to seek re-election at the expiration of his term on April 30, 2015. The Board has determined all director nominees, other than Mr. Torbeck, are independent and have no relationship with the Company other than as a shareholder and director.

If, at the time of the Annual Meeting, one or more of the nominees should be unavailable or unable to serve as a candidate, the shares represented by the proxies will be voted to elect the remaining nominees, if any, and any substitute nominee or nominees designated by the Board. The Board knows of no reason why any of the nominees will be unavailable or unable to serve.

Information regarding the business experience of each nominee is provided on pages 15 - 17.

Majority Vote Requirements; Holdover Directors

A director nominee who receives a majority of the votes cast will be elected to the Board. If a director nominee is an incumbent director and does not receive a majority of the votes cast, the Company's Amended Regulations require that such "holdover director" promptly tender his or her resignation to the Board, subject to acceptance by the Board. The Governance and Nominating Committee will make a recommendation to the Board as to whether to accept or reject the holdover director's resignation or whether other action should be taken. The Board will act on the tendered resignation by the holdover director, taking into account the Governance and Nominating Committee's recommendation, and publicly disclose its decision regarding the tendered resignation of the holdover director and the rationale behind the decision within 90 days from the date of the certification of the election results by the Inspector of Elections. The Governance and Nominating Committee in making its recommendation and the Board in making its decision may consider any factors or other information that they consider appropriate and relevant. The holdover director who tenders his or her resignation shall not participate in the recommendation of the Governance and Nominating Committee or the decision of the Board with respect to his or her tendered resignation.

If a holdover director's resignation is accepted by the Board pursuant to the Company's Amended Regulations, the Board may either fill the resulting vacancy or, if permitted, may decrease the size of the Board in accordance with law and the Company's Amended Regulations.

Vote Required

A director nominee must receive a majority of the votes cast to be elected to the Board. Since neither abstentions nor broker non-votes will be considered as votes cast in the election of directors, they will not have an effect on the outcome of the election.

Our Recommendation

The Board recommends election of each of the nominees.

The following are brief biographies of each person nominated for election as a director of the Company.

NOMINEES FOR DIRECTORS

(Terms Expire in 2017)

Phillip R. Cox

Mr. Cox has been President and Chief Executive Officer of Cox Financial Corporation (a financial planning services company) since 1972. He is a current director of The Timken Company, Diebold Inc., and Touchstone Mutual Funds. He is a former director of the Federal Reserve Bank of Cleveland and Duke Energy Corporation. Director since 1993. Age 68.

With his years of entrepreneurial and managerial experience in the development and growth of Cox Financial Corporation, coupled with the experience he has gained from serving on the audit and compensation committees of several public company boards, Mr. Cox brings a valuable perspective to the Company's Board. In addition, having served as Chairman of the Company's Board since 2003, Mr. Cox has demonstrated an effective management style and the ability to facilitate the Board's primary oversight functions.

John W. Eck

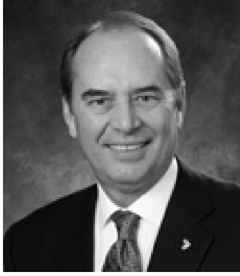
Mr. Eck is currently the Chief Local Media Officer at Univision Communications, Inc., the leading Hispanic media company in the United States. Prior to joining Univision Communications, Inc. in 2011, Mr. Eck worked at NBC Universal ("NBCU") for 18 years, most recently serving as President, Media Works, where he oversaw NBCU's information, broadcasting and production technology, and NBCU's television and film studio operations. Prior to joining NBCU, Mr. Eck held various other executive and financial positions at General Electric. Director since 2014. Age 56.

With over 33 years of media, finance and information technology experience at Univision, NBCU and General Electric, Mr. Eck brings relevant industry experience from the perspective of a producer and distributor of media content. This experience makes him a very valuable asset to the Board, the Compensation Committee and the Governance and Nominating Committee.

Jakki L. Haussler

Ms. Haussler has served as Chairman and Chief Executive Officer of Opus Capital Group (a registered investment advisory firm) since 1996. She is a director of Morgan Stanley Funds. She is a former director of Capvest Venture Fund, LP, Adena Ventures, LP (a venture capital fund), and The Victory Funds. Director since 2008. Age 58.

With more than 30 years of experience in the financial services industry, including her years of entrepreneurial and managerial experience in the development and growth of Opus Capital Group, Ms. Haussler brings a valuable perspective to the Company's Board. Through her role at Opus Capital and her service as a director of several venture capital funds and other boards, Ms. Haussler has gained valuable experience dealing with accounting principles and evaluating financial results of large corporations. She is a certified public accountant (inactive), an attorney in the State of Ohio (inactive), and an audit committee financial expert under SEC regulations. This experience, coupled with her educational background, makes her a valuable asset to the Board, the Audit and Finance Committee and the Compensation Committee.



Craig F. Maier

Mr. Maier recently retired from his role as President and Chief Executive Officer of Frisch's Restaurants, Inc. (operator of family style restaurants), a position he held from 1989 to 2015. He was also a director of Frisch's Restaurants, Inc. from 2008 to 2015. Director since 2008. Age 66.

With over 20 years of experience as the chief executive officer of a large, publicly-traded corporation, Mr. Maier brings to the Board demonstrated management and leadership ability. In addition, Mr. Maier has valuable experience dealing with accounting principles, financial reporting regulations and evaluating financial results of large corporations. This experience makes him a valuable asset to the Board as Chairman of the Compensation Committee and a member of the Audit and Finance Committee and Executive Committee.

Russel P. Mayer

Mr. Mayer is retired, and is now working part time with several consulting companies in information technology and business process improvement. Prior to joining the Board, Mr. Mayer held several executive-level information technology and business process improvement positions at General Electric. Most recently, he was Executive Vice President, CIO, and Quality Leader at GE Healthcare from 2009 to 2012. Prior to that, he was Executive Vice President and CIO at GE Healthcare from 2005 to 2008; Vice President and CIO at GE Aircraft Engines and GE Transportation from 2000 to 2005; and CIO and Chief Quality Officer at NBC from 1998 to 2000. He held various other information technology and business process improvement positions at GE from 1986 to 1998. Prior to that he held multiple positions at Chiquita Brands, Republic Steel and Enduro Stainless. Director since 2013. Age 62.

With over 35 years of information technology and business process improvement experience at large, global organizations, Mr. Mayer brings relevant industry experience from the customer's perspective. This experience makes him a very valuable asset to the Board as well as the Chairman of the Governance and Nominating Committee and a member of the Executive Committee and Audit and Finance Committee. He also serves as a valuable resource to the Company's management team.

Lynn A. Wentworth

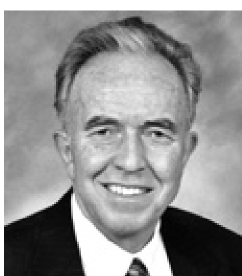
Ms. Wentworth is the former Senior Vice President, Chief Financial Officer and Treasurer of BlueLinx Holdings Inc. (a building products distributor) from 2007 to 2008. Prior to joining BlueLinx, she was, most recently, Vice President and Chief Financial Officer for BellSouth Corporation's Communications Group and held various other positions at BellSouth from 1985 to 2007. She is a certified public accountant licensed in the state of Georgia. She is a director, chair of the Audit Committee and member of the Nominating & Governance Committee of Graphic Packaging Holding Company and a director and member of the Audit & Finance and Compensation Committees of CyrusOne Inc. Director since 2008. Age 57.

Ms. Wentworth's experience as Chief Financial Officer and Treasurer of BlueLinx Holdings Inc. as well as her 22 years of telecommunications industry experience at BellSouth makes her a valuable asset to the Board, Chairwoman of the Audit and Finance Committee, and member of the Compensation Committee and Executive Committee. Ms. Wentworth qualifies as an audit committee financial expert under applicable SEC regulations. Ms. Wentworth's prior experience has provided her with a wealth of knowledge in dealing with complex financial and accounting matters affecting large corporations in the telecommunications industry.

Martin J. Yudkovitz

Mr. Yudkovitz is retired. He was head of The Walt Disney Company's Strategic Innovation Group (2010 through 2015). He also served as the Senior Vice President for Corporate Strategy and Business Development at Disney (2005-2010) and as President of TiVo (2003-2005). Previously, as a long-time senior executive at NBC, Mr. Yudkovitz was a key member of the teams that developed and launched the CNBC and MSNBC networks. Director since 2015. Age 61.

With over 30 years of experience in the broadcast and media entertainment industries, Mr. Yudkovitz brings to the Board relevant industry experience, which makes him a valuable asset to the Board as a member of the Governance and Nominating Committee. In addition, Mr. Yudkovitz's previous experience leading large strategic business innovation initiatives at Disney makes him a valuable advisor to the Company's management team on key areas of growth.



John M. Zrno

Mr. Zrno is retired. He was President and Chief Executive Officer of IXC Communications, Inc. (a telecommunications company) from June 1999 through November 1999. He served as President and Chief Executive Officer of ALC Communications Corporation from 1988 through 1995. Director since 1999. Age 77.

With over 30 years of experience in the telecommunications industry and his past experience as the chief executive officer of two large telecommunications corporations, Mr. Zrno brings to the Board demonstrated management and leadership ability. In addition, Mr. Zrno has gained valuable experience dealing with accounting principles, financial reporting regulations and evaluating financial results of large corporations. This experience makes him a valuable asset to the Board as a member of the Audit and Finance Committee and Governance and Nominating Committee.

Theodore H. Torbeck

Mr. Torbeck was named President and Chief Executive Officer of Cincinnati Bell Inc. effective January 31, 2013. He joined Cincinnati Bell in 2010 as President and General Manager of Cincinnati Bell Communications Group. Prior to joining Cincinnati Bell, Mr. Torbeck was Chief Executive Officer of the Freedom Group and also worked more than 25 years for the General Electric Co. ("GE"), where he served as the Vice President of Operations for GE Industrial Business, President and CEO of GE's Rail Services business as well as Vice President of Global Supply Chain for GE Aviation. Director since January 2013. Age 59.

Mr. Torbeck brings to the Board critical knowledge and understanding of the products and services offered by the Company and a strong understanding of the telecommunications industry. Mr. Torbeck's prior business and management experience also provides the Board with a valuable perspective on managing a successful business.

Stock Ownership

Ownership of Equity Securities of the Company

Directors and Executive Officers

The following table sets forth the beneficial ownership of common shares and 6 3/4% Cumulative Convertible Preferred Shares as of February 29, 2016 (except as otherwise noted) by (i) each current director and each executive officer named in the Summary Compensation Table on page 36, and (ii) all directors and executive officers of the Company as a group.

Unless otherwise indicated, the address of each named director and executive officer is c/o Cincinnati Bell Inc. at the Company's address.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned as of February 29, 2016 (a)	Percent of Common Shares (b)	6 3/4% Convertible Preferred Shares Beneficially Owned as of February 29, 2016 (c)	Percent of 6 3/4% Cumulative Convertible Preferred Shares (c)
Phillip R. Cox	54,185	*	—	*
Joshua T. Duckworth	12,828	*	—	*
John W. Eck	23,324	*	—	*
Leigh R. Fox	83,848	*	—	*
Jakki L. Haussler	122,368	*	—	*
Craig F. Maier	120,794	*	—	*
Russel P. Mayer	45,267	*	—	*
Thomas E. Simpson	10,912	*	—	*
Theodore H. Torbeck (d)	1,180,227	*	—	*
Lynn A. Wentworth	119,209	*	—	*
Christopher J. Wilson	288,415	*	—	*
Martin J. Yudkovitz	17,180	*	—	*
John M. Zrno (e)	220,934	*	—	*
All directors and executive officers as a group (consisting of the 13 persons named above)	2,299,491	1.1%	—	*

* indicates ownership of less than 1% of issued and outstanding shares.

(a) Includes common shares subject to outstanding options under the Cincinnati Bell Inc. 2007 Long Term Incentive Plan, the 2007 Directors Plan and the Cincinnati Bell Inc. 1997 Stock Option Plan for Non-Employee Directors that are exercisable as of February 29, 2016. The following options are included in the totals: 18,000 common shares for Mr. Cox; 1,800 common shares for Mr. Duckworth; 1,500 common shares for Mr. Fox; 119,389 common shares for Mr. Torbeck; 95,511 common shares for Mr. Wilson; and 66,400 common shares for Mr. Zrno. Effective January 31, 2013, the Company updated its Insider Trading Policy to expressly bar ownership of financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common shares and to prohibit officers and directors from pledging Company securities as collateral for loans.

(b) These percentages are based upon 210,018,609 common shares outstanding as of February 29, 2016, the Record Date.

(c) These numbers represent 6 3/4% Cumulative Convertible Preferred Shares. In the aggregate, the 155,250 issued and outstanding 6 3/4% Cumulative Convertible Preferred Shares are represented by 3,105,000 depositary shares, and each 6 3/4% Cumulative Convertible Preferred Share is represented by 20 depositary shares.

(d) Amount includes 5,960 common shares held by Mr. Torbeck's daughter.

(e) Amount includes 25,000 common shares held by the Zrno Family Limited Partnership.

Principal Shareholders

The following table sets forth the beneficial ownership of common shares as of December 31, 2015 (except as otherwise noted) by each beneficial owner of more than five percent (5%) of the common shares and 6 $^{3}/_{4}$% Cumulative Convertible Preferred shares outstanding known by the Company.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned		Percent of Common Shares	6 $^{3}/_{4}$% Convertible Preferred Shares Beneficially Owned		Percent of 6 $^{3}/_{4}$% Convertible Preferred Shares
GAMCO Investors, Inc. and affiliates One Corporate Center Rye, NY 10580	25,926,170	(a)	12.37%	11,002	(b)	7.09%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	24,751,244	(c)	11.80%	*		*
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	22,962,406	(d)	10.94%	*		*
Pinnacle Associates, Ltd. 335 Madison Avenue, Suite 1100 New York, NY 10017	11,698,338	(e)	5.50%	*		*

* Indicates ownership of less than 1% of the issued and outstanding class of shares

(a) As reported on Schedule 13D/A filed on December 4, 2014 by GAMCO Investors, Inc., as of December 3, 2014, Gabelli Funds, LLC has sole voting and dispositive power for 10,846,849 common shares, GAMCO Asset Management Inc. has sole voting power for 13,227,914 common shares and sole dispositive power for 13,982,365 common shares, MJG Associates, Inc. has sole voting and dispositive power for 30,000 common shares, Mario J. Gabelli has sole voting and dispositive power for 7,000 common shares, Teton Advisors Inc. has sole voting and dispositive power for 750,005 common shares, Gabelli Securities, Inc. has sole voting and dispositive power for 301,551 common shares and GAMCO Investors Inc. has sole voting and dispositive power for 8,400 common shares. The amounts reported on Schedule 13D/A include a number of shares with respect to which Gabelli Funds, LLC and GAMCO Asset Management Inc. have the right to beneficial ownership upon the conversion of the Company's 6 $^{3}/_{4}$% Cumulative Convertible Preferred Shares.

(b) As indicated in Schedule 13D/A filed on December 4, 2014 by GAMCO Investors, Inc., as of December 3, 2014, GAMCO Asset Management Inc. and Gabelli Funds, LLC owned in the aggregate a number of 6 $^{3}/_{4}$% Cumulative Convertible Preferred Shares that would convert into 220,049 common shares if converted. Based upon the conversion rate of 20 to 1, the Schedule 13D/A filing indicated ownership of approximately 11,002 6 $^{3}/_{4}$% Cumulative Convertible Preferred Shares. The Company has 155,250 6 $^{3}/_{4}$% Cumulative Convertible Preferred Shares outstanding. As noted on page 65, each 6 $^{3}/_{4}$% Cumulative Convertible Preferred Share is entitled to one vote.

(c) As reported on Schedule 13G/A filed on January 8, 2016 by BlackRock, Inc., as of December 31, 2015, BlackRock, Inc. has sole voting power for 24,228,787 common shares and sole dispositive power for 24,751,244 common shares.

(d) As reported on Schedule 13G/A filed on February 11, 2016 by The Vanguard Group, as of December 31, 2015, The Vanguard Group has sole voting power for 274,221 common shares and sole dispositive power for 22,672,814 common shares. The Vanguard Group has shared voting power for 27,800 common shares and shared dispositive power for 289,592 common shares.

(e) As reported on Schedule 13G filed on February 10, 2016 by Pinnacle Associates, Ltd., as of December 31, 2015, Pinnacle Associates Ltd. has shared voting and dispositive power for 11,698,338 common shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC. Directors, executive officers and greater than 10% shareholders are required by regulations of the SEC to furnish the Company with copies of all Section 16(a) reports that they file. Such reports are filed on Forms 3, 4 and 5 under the Securities Exchange Act of 1934. Based solely on the Company's review of the copies of such forms received by it, the Company believes that, during the period commencing January 1, 2015 and ending December 31, 2015, all such persons complied on a timely basis with the filing requirements of Section 16(a).

Executive Compensation

Compensation Discussion and Analysis

Introduction

The material on the following pages sets forth an overview and discussion of the Company's executive compensation philosophy and how it functions to create alignment between its shareholders and its executives.

Our goal is to continue the transformation of Cincinnati Bell from a legacy copper-based telecommunications company into a technology company with state of the art fiber assets servicing customers with data, video, voice and IT solutions to meet their evolving needs. To this end, leveraging our past and future investments creates a company with a healthy balance sheet, growing revenue, growing profitability and sustainable cash flows. To accomplish our objectives, management identified three key initiatives: (i) continue the expansion of our local fiber network, (ii) evaluate opportunities to monetize the Company's investment in CyrusOne Inc. (NASDAQ: CONE) ("CyrusOne"), and (iii) manage wireless operations for cash flow and profitability while seeking strategic alternatives for the business. Over the past three years, the Company has made considerable progress in its transformational efforts and has accomplished each of its financial and operational objectives established for 2015:

- Strategic revenue was up more than 20% year-over-year - consolidated revenue increased by 1% compared to the prior year
- Entertainment and Communications segment of our business generated annual revenue growth for the second consecutive year - with Fioptics revenue increasing 34% compared to 2014
- Adjusted EBITDA totaled $302 million - at the high-end of our 2015 guidance range
- Record-high 40,000 Fioptics internet and 23,000 video net activations in 2015
- Strategic IT Services and Hardware segment revenue increased by 29% year-over-year
- Proceeds from the monetization of our CyrusOne investment totaled $644 million in 2015 and
- Successfully completed the sale of our wireless spectrum and closed our wireless operations as of March 31, 2015.

The investments made in fiber and other strategic products have significantly improved the Company's financial trajectory and perception in the marketplace. In 2015, we continued the build out of our fiber network to achieve our long-term goal.

Our long-term performance based awards for 2015 continued our 2014 changes to award parameters which aligned executive compensation with shareholder interest. The 2015 awards focused on driving strategic revenue growth, strong Adjusted EBITDA and unlevered cash returns on average assets. Payouts for the 2015 plan are based on the aggregate three-year performance period rather than utilizing interim payouts, increasing the focus on long-term results and talent retention. In addition, the Company will continue to adjust the final payout using a total shareholder return (“TSR”) factor based on the Company’s TSR performance as compared to the Russell 2000 Index.

This alignment of executive compensation to the current award parameters continues to demonstrate the Company’s ongoing commitment to best practices and a pay-for-performance culture. The award parameters are detailed below and include: (i) using general industry market data as the primary information source for setting executive compensation; (ii) adoption of a prohibition on cash buyouts of underwater options in the absence of shareholder approval; (iii) implementation of double-trigger equity vesting in the event of the change in control of the Company; and (iv) updated peer groups used to benchmark executive compensation to eliminate companies that are substantially larger than the Company.

We continue to believe that our current year results confirm that the Company’s executive compensation program is effective in focusing our key executive talent on driving the attainment of strategic revenue and Adjusted EBITDA goals, delivering sustained cash flow performance over multiple years, and aligning executive long-term incentive rewards with the interests of shareholders. The mix of base pay (the “fixed cost” of the program) and both annual and long-term incentive plans promote achievement of current-year goals and longer-term business strategies while driving appropriate business behavior without inducing executives to take undue business risks.

Named Executive Officers

The Company’s 2015 named executive officers (“NEOs”) were:

Theodore H. Torbeck	President and Chief Executive Officer
Leigh R. Fox	Chief Financial Officer
Thomas E. Simpson	Chief Technology Officer
Christopher J. Wilson	Vice President, General Counsel and Secretary
Joshua T. Duckworth	Vice President, Investor Relations and Controller

This Compensation Discussion and Analysis (the “CD&A”) discusses in more detail below the elements of the executive compensation program and the reasons why the Compensation Committee selected those particular elements, the performance metrics and goals under certain of those elements, the compensation that the executives might earn, and how each element encourages the Company’s achievement of its business objectives and strategy.

Executive Summary

Financial Results

Consolidated revenue totaling $1,167.8 million for the year ended December 31, 2015 increased compared to the prior year as strategic revenue growth more than offset the impact of no longer providing backhaul service to our discontinued wireless operations and declines from legacy and integration products. Revenue from our strategic products totaled $536.6 million in 2015, up 21% compared to 2014. Operating income in 2015 was $128.0 million, down from the prior year due in large part to increased costs associated with accelerating the construction of our fiber network and costs absorbed as a result of winding down wireless operations.

Income from continuing operations totaled $290.8 million for the year ended December 31, 2015, primarily due to the $449.2 million gain on the sale of a portion of our CyrusOne investment. Income from discontinued operations, net of tax, for the year ended December 31, 2015 was $62.9 million. As of March 31, 2015, there were no subscribers remaining on the wireless network, and we no longer required the use of the wireless spectrum being leased. Therefore, the $112.6 million gain on the sale of the wireless spectrum licenses, which had been previously deferred, was recognized in our financial results during the first quarter of 2015. In addition, on April 1, 2015, we transferred certain other assets related to our wireless business to the purchaser, including leases to certain wireless towers and related equipment and other assets, which resulted in a gain of $15.9 million in the second quarter of 2015.

The Company sold a combined 21.7 million CyrusOne partnership units and common shares for cash totaling $643.9 million during 2015. The cash generated from these transactions was primarily used to manage our debt. During 2015, debt repayments totaled $531.7 million reducing interest payments by approximately $42 million annually. As a result, our consolidated debt leverage as defined by our Corporate Credit Agreement was 4.3x as of December 31, 2015. If our leverage was further adjusted for our remaining 9.5% ownership in CyrusOne, which was valued at $257.9 million, as of December 31, 2015, our leverage would be 3.4x.

We ceased operations of our wireless business in March 2015. As a result, wireless financial results are now presented as discontinued operations. Therefore, we have recast the financial information for all periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for further details on the Company’s 2015 financial results.

Executive Compensation Program

The Company’s executive compensation program ties a significant portion of an executive’s realized annual compensation to the Company’s achievement of financial and strategic goals. For 2015, the key financial measures utilized to assess annual performance are revenue and Adjusted EBITDA and the key financial measures utilized to assess long-term performance are strategic revenue, Adjusted EBITDA, and unlevered cash return on assets. See pages 26 - 29 for a detailed discussion of the payments made under the annual and long-term incentive plans for 2015 performance.

The following chart summarizes the key elements of our compensation program, which are discussed in more detail later in the CD&A.

Component	Purpose	Key Characteristics	2015 Key Actions
Base Salary	• Allows Company to attract and retain executives • Recognizes individual performance through merit increases • Recognizes individual work experience and level of responsibility	• Fixed annual cash compensation • Increases primarily driven by individual performance and by market positioning • Used to calculate other components of compensation	• With the exception of Messrs. Simpson and Wilson, the NEOs received increases in January • Mr. Simpson received a merit increase in February and an additional increase in November to reflect his increased responsibilities and for retention purposes
Annual Incentives	• Motivate achievement of Company annual financial goals and strategic objectives • Motivate achievement of individual annual performance goals	• Performance-based annual cash incentive compensation • Bonus target set as a percentage of base salary	• The revenue and Adjusted EBITDA performance metrics, which affect 80% of incentive payout, were attained at approximately 103% of target. Together with the individual performance portion, NEO total annual incentive payouts ranged from 113% to 123% of target
Non-qualified Stock Options and Stock Appreciation Rights (“SARs”)	• Align executive interests with shareholder interests • Motivate achievement of Company long-term financial goals and strategic objectives • Facilitate executive equity ownership thereby further aligning executive and shareholder interests	• Performance-based long-term equity incentive compensation • Vest over three-year period based on continued service and the achievement of performance goals • Does not have value unless stock price increases following date of grant	• No stock options or stock appreciation rights were granted to any NEO in 2015
Performance Share and Unit Awards	• Motivate achievement of Company long-term financial goals and strategic objectives • Facilitate executive equity ownership thereby further aligning executive and shareholder interests	• Performance-based long-term equity incentive compensation • Granted annually with cumulative three-year performance cycles	• Grants were made in the form of performance-based shares or units • Beginning with the 2014 grant, a single payout will be made at the successful completion of the 3-year performance period

The Company also provides certain retirement benefits and post-termination compensation to the NEOs, as described in more detail later in this CD&A.

Compensation Practices

The Company reviews and modifies its executive compensation program and practices regularly to address changes in the Company's short- and long-term business objectives and strategies, new regulatory standards and to implement evolving best practices. Listed below are compensation practices that the Company has adopted in support of its pay-for-performance philosophy:

- Performance-based Compensation. The Company believes that a significant percentage of each NEO's total compensation should be performance-based or "at-risk." Base salary was only 24% of the Chief Executive Officer's 2015 target compensation and 39% of the other NEOs' 2015 target compensation.
- Stock Ownership Guidelines. The Company believes that equity ownership creates alignment between executive and shareholder interests. In support of this objective, we maintain stock ownership guidelines under which our NEOs are expected to accumulate specified ownership stakes over time. In May, 2014, the Compensation Committee approved substantial increases to the stock ownership guidelines applicable to the NEOs. See page 33 for a more detailed discussion.
- Compensation Risk Assessment. The Company conducts annual compensation risk assessments to ensure that our policies and programs do not unintentionally encourage inappropriate behaviors or lead to excessive risk taking. We have concluded that our compensation plans, policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to have a material adverse effect on the Company.
- Repricing Prohibition. We maintain prohibitions against the repricing of underwater stock options in the absence of shareholder approval. Effective January 28, 2014, the Company amended its existing policy to expand the definition of a repricing to include cash buyouts of underwater stock options and stock appreciation rights. This change applies to all grants, including existing grants.
- Double-Trigger Equity Vesting. Existing employment agreements with executives incorporate a "double-trigger" requirement for vesting equity grants in the event of a change in control ("CIC"). Effective January 28, 2014, the Company amended the Cincinnati Bell Inc. 2007 Long Term Incentive Plan (the "2007 Long Term Incentive Plan") and revised award agreements for all future grants, beginning with the 2014 equity grants, to provide that in the event of a CIC, an employee must be involuntarily terminated without cause by the Company during the 24-month period following a CIC for previously granted equity awards that are continued, assumed or substituted to vest.
- Executive Compensation Benchmarking. Effective January 28, 2014, the Compensation Committee approved the Company's recommendations to (i) use the general industry peer group as the primary source of market data for competitive assessments of executive pay, (ii) use the telecommunications peer group as a secondary reference for assessing market pay and industry compensation practices, and (iii) modify the telecommunications peer group to eliminate the four largest companies and add two new companies with annual revenue below that of Cincinnati Bell. We target each pay component and total pay at the 50th percentile.
- Hedging and Pledging Policy. The Company's Insider Trading Policy expressly prohibits ownership of derivative financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common stock and prohibits officers and directors from pledging Company securities as collateral for loans.
- Clawback Policy. The Company has a clawback policy that allows it to recover incentive payments to or realized by executive officers in the event that the incentive compensation was based on the achievement of financial results that are subsequently restated to correct any accounting error due to material noncompliance with any financial reporting requirement under the federal securities laws, and such restatement results in a lower payment or award.

- Independent Compensation Committee. Each member of the Compensation Committee is independent as defined in the corporate governance listing standards of the NYSE and the Company's director independence standards mirror those of the NYSE.
- Independent Compensation Consultant. The Compensation Committee utilizes the services of an outside independent compensation consultant to assist in its duties. The Compensation Committee's consultant performs no other services for the Company or its management.
- Elimination of Gross-Ups. The Compensation Committee has a policy in place that any new or materially amended employment agreement with any NEO will not contain any excise tax gross-up provisions with respect to payments contingent on a CIC. In addition, current employment agreements have been amended to remove excise tax gross-up provisions.

2015 Say-on-Pay Vote and Shareholder Outreach

In 2015, approximately 91% of the shares voted with respect to the Company's say-on-pay proposal voted "for" approval of the Company's executive compensation.

Annually, one or more of the Chairman of the Board, the Chairman of the Compensation Committee, the Compensation Committee's independent compensation consultant, and certain members of senior management meet directly with many of the Company's major shareholders to obtain feedback on the Company's strategic direction as well as its executive compensation program. In addition, the Compensation Committee considered the concerns expressed by the proxy advisory firms in their 2015 reports on the Company's say-on-pay proposal.

In response to the feedback from shareholders and the proxy advisory firms, the Compensation Committee implemented a number of changes to the 2007 Long Term Incentive Plan and to the terms of the awards granted under the Plan in 2014. Based on discussions with shareholders, the Company believes that these changes have been well received and are generally seen as a more balanced approach to aligning management compensation with shareholder return so the same terms were used for the 2015 grants.

We have engaged with our investors and based on the 2015 say-on-pay vote and our engagement, we have not taken any actions in response to our say-on-pay vote. The Compensation Committee will continue to consider results from annual shareholder advisory votes when reviewing the Company's executive compensation practices. In addition, the Company's management and the Board believe that it is important to continue their shareholder outreach efforts and intend to continue to engage and communicate with the Company's major shareholders.

Compensation Program Objectives

The executive compensation program's primary objectives are:

- To attract and retain high-quality executives by offering competitive compensation packages;
- To motivate and reward executives for the attainment of financial and strategic goals, both short-term and long-term, thereby increasing the Company's value while at the same time discouraging unnecessary or excessive risk-taking; and
- To align the interests of the executives and the shareholders by attributing a significant portion of total executive compensation to the achievement of specific short-term and long-term performance goals set by the Compensation Committee.

Elements of Compensation

Base Salary

Base salaries are provided to the Company's NEOs for performing their day-to-day responsibilities. The base salaries of our NEOs are based on a review of the competitive market median for comparable executive positions, assessment by the Chief Executive Officer (or in the case of the Chief Executive Officer's base salary, by the Compensation Committee and entire Board) of the

executive's performance as compared to his or her individual job responsibilities, the salary level required to attract and retain the executive and such other factors as the Chief Executive Officer or the Compensation Committee deems relevant for such executive. Generally, no one factor is given more weight than another, nor does the Company and the Compensation Committee use a formulaic approach in setting executive pay. Additionally, while the Company looks at 50th percentile total compensation, it also considers the executive's individual performance as well in determining salary adjustments.

Messrs. Torbeck, Fox and Duckworth received increases in their base salary and annual incentive targets effective January 1, 2015. Mr. Simpson received increases in his base salary and annual incentive target effective February 8, 2015 and again on November 1, 2015 in recognition of his performance, his expanded responsibilities and as part of a retention effort.

Annual Incentives

Annual incentives are intended to motivate and reward senior executives for achieving the short-term business objectives of the Company. Annual incentives are payable for the achievement of annual financial performance goals established by the Compensation Committee and for individual performance. For the NEOs, financial performance goals represent 80% of the annual incentive determination and individual performance evaluation represents 20%. Payouts, if any, can range from 0% to 150% of the total target incentive, depending on the level of achievement of financial goals between threshold and superior levels of performance and evaluations of individual performance and contributions for the year. The Board and Compensation Committee approve financial goals annually which reflect their belief that achievement of these goals drives the Company's strategic success.

The Company used the following goals having the indicated weights in 2015:

- 60% on Adjusted EBITDA;
- 20% on revenue; and
- 20% on individual performance.

The Company has selected Adjusted EBITDA and revenue as its performance measures. Investors have identified these metrics as key indicators of current financial performance and the Company's ability to execute on its strategy of creating a technology company with state of the art fiber assets servicing customers with data, video, voice and IT solutions to meet their evolving needs. Adjusted EBITDA is given a significantly higher weighting than revenue and individual performance because it is a key measure of profitability of the Company that eliminates the effects of accounting and financing decisions. In addition, investors view it as an effective barometer of how well a company can service its debt.

The Board and Compensation Committee review and approve the annual bonus attainment percentages for both Adjusted EBITDA and revenue. In conjunction with such review, they may adjust the actual result or goal amount to reflect a change in business direction, reallocation of Company resources or an unanticipated event.

The Adjusted EBITDA and revenue goals are assessed independently of each other and are scaled above and below their respective targets. The scale for 2015 targets is set forth below:

	Adjusted EBITDA Goal		Revenue Goal	
Percentage of Criterion Achieved	**Percentage of Target Incentive Goal**	**Percentage of Total Annual Incentive Paid**	**Percentage of Target Incentive Goal**	**Percentage of Total Annual Incentive Paid**
Below 95%	0%	0%	0%	0%
95%	50%	30%	50%	10%
100%	100%	60%	100%	20%
110%	125%	75%	125%	25%
120% or greater	150%	90%	150%	30%

The 2015 target annual incentives for each of the NEOs at year-end are set forth below:

Named Executive Officer	Target Annual Incentive as a Percentage of Base Salary
Theodore H. Torbeck	100%
Leigh R. Fox	100%
Thomas E. Simpson	70%
Christopher J. Wilson	100%
Joshua T. Duckworth	50%

In 2015, for annual incentive purposes, the chart below sets out the Adjusted EBITDA and revenue target goals and actual results, which produced a weighted-average payout for the financial portion of approximately 103% of target:

Financial Objective	2015 Threshold Performance Level	2015 Adjusted Target	2015 Superior Performance Level	2015 Actual Results
Adjusted EBITDA	95%	$300 M	120%	$302 M
Revenue	95%	$1.14 B	120%	$1.17 B

The Chief Executive Officer provides the Compensation Committee with his assessment of each other executive officer's individual performance. The Chief Executive Officer reviews, for each executive officer, the performance of the executive's department, the quality of the executive's advice and counsel on matters within the executive's purview, qualitative peer feedback and the effectiveness of the executive's communication with the organization and with the Chief Executive Officer on matters of topical concern. These factors are evaluated subjectively and are not assigned specific individual weight. The Chief Executive Officer then recommends an award for the individual performance-based portion for each of the other NEO's annual incentive, which can range from 0% to 200% of the target award for such portion.

The Compensation Committee meets in executive session to consider the Chief Executive Officer's individual performance. The Compensation Committee evaluates the information obtained from the other directors concerning the Chief Executive Officer's individual performance, based on a discussion led by the Chairman of the Board. Factors considered include: operational and financial performance, succession planning, development of the Company leadership team, development of business opportunities and community involvement/relationships. The Compensation Committee has discretion in evaluating the Chief Executive Officer's performance and may recommend to the full Board a discretionary increase or decrease to the Chief Executive Officer's final incentive award as the Compensation Committee believes is warranted.

The table below shows the percentage of target annual incentive earned by each NEO for 2015 for each performance measure and in total as well as the actual award payment:

Named Executive Officer	Total Company Revenue	Total Company Adjusted EBITDA	Individual Performance	Total Annual Incentive Award	Total Annual Incentive Award Payment
Theodore H. Torbeck	103%	103%	200%	123%	$951,080
Leigh R. Fox	103%	103%	200%	123%	$472,472
Thomas E. Simpson (a)	103%	103%	200%	123%	$248,835
Christopher J. Wilson	103%	103%	150%	113%	$398,578
Joshua T. Duckworth	103%	103%	175%	118%	$121,252

(a) Mr. Simpson's award reflects the prorated payout based on his incentive targets in 2015.

Long-term Incentives

The long-term incentives granted to NEOs in 2015 consist of performance shares or units. Long-term incentives are intended to encourage the Company's executives to focus on and achieve the long-term (three-year) business goals of the Company and to aid their development and retention through share ownership and recognition of future performance. An executive's realization of his or her long-term incentive means that the Company has also performed in accordance with its plan over a long-term period. The total annual long-term incentive opportunity for each NEO is established by the Compensation Committee in terms of dollars. In administering the long-term incentive program, the Compensation Committee considers competitive market data (as discussed below) and the recommendations of the Chief Executive Officer regarding each executive's performance and specific individual accomplishments. For each type of award, the number of performance shares/units to grant is determined by dividing the approved award amount by the closing price of a share of common stock on the day the Board approves the financial results. The Compensation Committee's policy is not to grant more than 2,000,000 shares per year in connection with long-term incentive awards under the 2007 Long Term Incentive Plan. To the extent that the settlement of the long-term incentive awards in any year exceeds 2,000,000 shares, the excess portion of the incentives are settled in cash.

Stock Options/SARs

No stock options or SARs were granted to any NEO in 2015.

Performance Plan

Performance share or unit awards, which may be paid in common shares, cash, or a combination thereof, are based on the achievement of specific Company quantitative goals over a three-year performance period. Such awards are granted during the first quarter of each calendar year following finalization and approval by the full Board (for awards granted prior to 2014) of the one-year, two-year cumulative and three-year cumulative financial goal(s) for the next three-year performance period. Starting with the 2014 awards and continuing with the 2015 awards, performance goal attainment will be based on the achievement of the specific Company quantitative goals for the respective aggregate three-year performance period as approved by the full Board.

The threshold, target and superior performance levels are the same for each of the NEOs. For the 2013 performance cycle, actual adjusted free cash flow and actual unlevered cash return on assets achieved must be at least 90% of the target goal in order to generate a threshold level payout equal to 75% of the target award for each executive. Adjusted free cash flow and unlevered cash return one-year, two-year cumulative, and three-year cumulative financial target goals and actual results for the performance periods beginning in 2013 are shown in the table below:

Performance Cycle	Threshold Performance Level	Cumulative Target	Superior Performance Level	Actual Results (*)	Percentage of Target (a)
2013-2015					
2013	15.5%	17.0%	18.5%	16.7%	95%
2013 - 2014 . . .	15.5%	17.0%	18.5%	18.4%	147%
2013 - 2015 . . .	15.5%	17.0%	18.5%	17.8%	127%

(a) The maximum payout on any interim performance cycle is 100%; the maximum payout for the full 3-year performance cycle is 150%

* Actual free cash flow was adjusted for special items not contemplated when the cumulative three-year target was approved by the Compensation Committee. Similarly, unlevered cash flows were adjusted for special items not contemplated when the cumulative three-year target was approved by the Compensation Committee

For the 2014 three-year performance cycle ending December 31, 2016 and the 2015 three-year performance cycle ending December 31, 2017, strategic revenue, Adjusted EBITDA and unlevered cash return on assets are equally weighted. For strategic revenue and Adjusted EBITDA, achievement must be at least 95% of the target goal in order to generate a threshold level payout equal to 50% of the target award for each executive. For unlevered cash return on asset for the 2014-2016 and 2015-2017 performance cycles, achievement must be least 16.0% in order to generate a threshold level payout equal to 75% of the target award for each executive. The final payout calculation for the 2014-2016 and 2015-2017 performance cycles is subject to a +/- 15% adjustment based on the Company's Total Shareholder Return ("TSR") over the three-year performance period compared to the Russell 2000 Index. Achievement less than the 35th percentile of the Russell 2000 Index will result in a 15% reduction while achievement greater than the 65th percentile will result in a 15% increase. For TSR results greater than the 35th percentile and less than the 65th percentile of the Russell 2000 index, the +/- 15% adjustment will be determined based on interpolation.

Benefits

NEOs hired prior to January 1, 2009 participate in the Cincinnati Bell Management Pension Plan (the "Management Pension Plan") as all other eligible salaried and certain non-union hourly employees. The Management Pension Plan is a qualified defined benefit plan with a nonqualified provision that applies to the extent that eligible earnings or benefits exceed the applicable Internal Revenue Code limits for qualified plans. The Company makes all required contributions to this plan. However, as described on page 39, the Management Pension Plan is now frozen and no further credits, other than interest, are made to the plan. The executives, along with all other salaried employees, also participate in a 401(k) savings plan, which includes a Company matching contribution feature that vests 100% of such matching contributions in the employee's account as they are made to the plan.

The value of the Company's retirement program is not considered in any of the compensation decisions made with respect to other elements of NEO compensation, because the Company believes that the alignment of the interests of executives and shareholders is most effectively accomplished through its short- and long-term incentive compensation programs.

Compensation Determination Process

Role of the Compensation Committee and Management in Recommending Compensation

As described in greater detail below, individual base salaries, annual cash incentive awards and long-term incentive grant amounts are determined within the framework of the executive's position and responsibility, individual performance and future leadership potential, as determined by the Chief Executive Officer in consultation with the Compensation Committee, or by the Compensation Committee and the full Board in the case of the Chief Executive Officer, as well as with regard to the external marketplace.

The Chief Executive Officer presents compensation recommendations for the senior executives, including the other NEOs, to the Compensation Committee for its review and approval. The Compensation Committee evaluates the performance of the Chief Executive Officer, determines his compensation, and discusses its recommendation with the Board in executive session before the Board grants its approval.

Determination of the Target Compensation Levels

In determining pay levels, the Company established a philosophy to target each component - base salary, target bonus and target long-term incentive - at the market 50th percentile appropriate to the

revenue size of the Company. In implementing this philosophy, the Compensation Committee considers and evaluates the following information:

- An annual study of market compensation practices conducted by Willis Towers Watson, the Company's compensation consultant, at the Company's request, whereby it obtains, compiles and supplies to the Company and the Compensation Committee competitive compensation information concerning the companies in each of the two peer groups described below.
    - Pay practices for executive officers of a peer group consisting of 126 companies across various industries with annual revenue between $1 billion and $3 billion (the "General Industry Peer Group"). The list of these companies is set forth in Schedule 1 attached to this proxy statement. These companies were chosen because they have annual revenue that is closely aligned with the Company's revenue size, and they provide the Company and the Compensation Committee with insight into general industry executive compensation practices. Since executive compensation correlates a company's annual revenue (*i.e.,* the higher a company's revenue, generally the higher the executive's market compensation), to neutralize this effect, the Company, in consultation with Willis Towers Watson, uses a statistical technique called "regression analysis[1]." Effective January 28, 2014, the Compensation Committee approved the use of the General Industry Peer Group information as the primary source for market competitive assessments of NEO pay levels. The key reasons for this change are:
        - The ever-changing landscape of the telecommunications industry and the difficulty in assessing year-over-year changes in executive compensation within these companies due to mergers, acquisitions, etc.
        - The lack of a sufficient number of suitable telecommunications companies within the Willis Towers Watson database to secure adequate pay survey data, resulting in the need to use proxy data for some telecommunications companies, and
        - The absence of pay data in the proxies for certain NEO positions.
    - Pay practices for executive officers of a peer group consisting of 18 telecommunications companies (the "Telecommunications Peer Group"). The list of these companies is set forth in Schedule 2 attached to this proxy statement. Because of the reasons noted above, the Compensation Committee uses the information about the Telecommunications Peer Group as a secondary source for monitoring compensation trends as a check to make certain that using the General Industry Peer Group data for comparative analysis does not cause an aberration of the Company's executive compensation at the 50th percentile.
    - The Compensation Committee annually reviews the list of companies in each peer group to make certain the list is appropriate, and, after review, the Compensation Committee approved the Telecommunications Peer Group. The Telecommunications Peer Group used in 2015 is shown in Schedule 2. For 2014, the Telecommunications Peer Group included AT&T, Comcast, Verizon and Sprint and did not include Atlantic Tele-Network or General Communications.

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[1] Linear regression analysis is a statistical tool for determining the relationship between a dependent variable (in this case, target compensation levels) and an independent variable (in this case, revenue). The technique correlates median predicted pay for companies by taking into consideration their revenues (i.e., smaller revenue companies would have pay predicted based on their revenues rather than by a simple median of pay for all companies in the General Industry Peer Group). For each executive position whose compensation is assessed and set by the Compensation Committee (or the full Board, in the case of the Chief Executive Officer), Willis Towers Watson produces a predicted level for each pay component at the 50th percentile of companies based on Cincinnati Bell's revenues. The use of regression analysis allows the Compensation Committee to compare each executive's pay, both by pay component and in total, to the market 50th percentile of similar revenue-sized companies.

- To provide additional context for the Compensation Committee in making its decisions, the Compensation Committee reviews “tally sheets” prepared for each of the executives. Tally sheets provide the Compensation Committee with detailed information, as of a given date, about each executive’s current compensation (including the value of any applicable benefit programs) and wealth accumulation, including the value of accrued and vested pay, such as shares of Company stock, vested stock options and other equity awards owned by the executive, the value of any retirement benefits provided by the Company and any pay and benefits triggered under a variety of employment termination scenarios.
- Input from the Compensation Committee’s independent compensation consultant, Mr. Charles J. Mazza.
- Input from Company management (primarily the Chief Executive Officer and the Chief Financial Officer) and the Company’s independent compensation consultant, Willis Towers Watson.
- Each NEO’s individual performance and current/future potential with the Company.

The Compensation Committee considers, as one of the many factors, each component of executive officer compensation compared to the revenue size-adjusted market 50th percentile for two reasons:

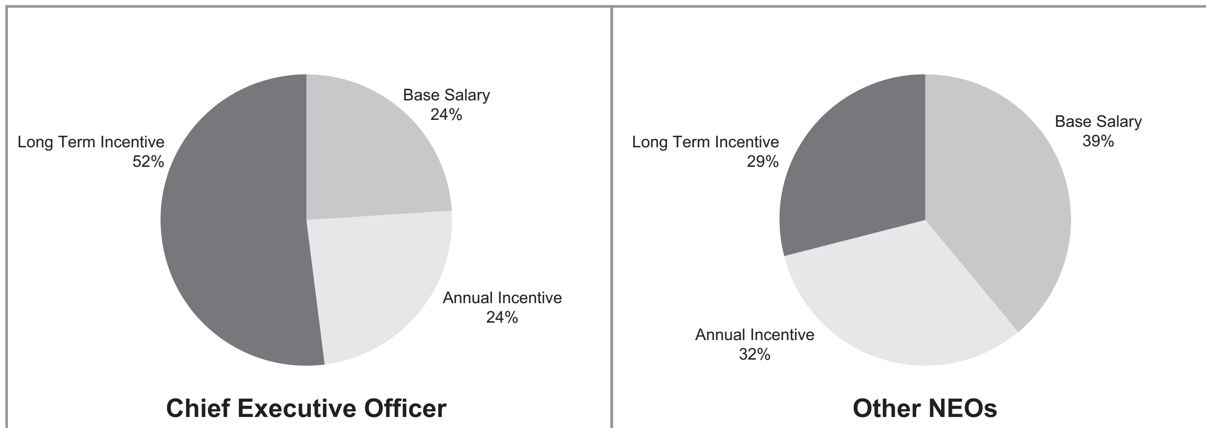
- Benchmarking target compensation at the 50th percentile is consistent with the practice followed by a majority of companies and is considered “best practice,” and
- Above-median compensation should be on a delivered actual basis, rather than a target basis, for overachievement of target performance goals consistent with the Company’s pay-for-performance philosophy.

In determining the appropriate compensation levels in a particular year, the Company evaluates the following from both peer groups’ data:

- Base salary;
- Total target cash compensation - the sum of base salary plus target annual bonus opportunity; and
- Total target direct compensation - the sum of base salary plus target annual bonus opportunity plus target long-term incentive opportunity.

The Compensation Committee compares each NEO’s pay, both by pay component and in total, to the market 50th percentile of similar revenue-sized companies set forth in the peer groups. The Company does not review pay levels at individual companies or the specific structure of other companies’ short- or long-term incentive plans. Instead, the Compensation Committee considers the predicted pay levels in both peer groups as an indication of market pay practice relating to each pay component and the relevant mixture among pay components. Thus, the Compensation Committee is able to validate that each NEO’s compensation package is market competitive and that an appropriate portion of it is “at risk;” that is, subject to payment only if the Company attains certain quantitative results and the individual achieves certain qualitative results.

For 2015, the charts below reflect that each executive has a significant percentage of compensation “at risk” as it reflects the allocation of total target direct compensation among base salary, annual bonus and long-term incentive compensation.



Based on market practices, combined with the Compensation Committee members’ collective experience, the Compensation Committee believes that the foregoing allocation of pay among base salary and short- and long-term incentive compensation provides appropriate motivation to achieve objectives set for the current year while also providing a significant incentive that requires the executives to make decisions that are intended to sustain attainment of business objectives over the longer term.

Role of Compensation Consultants

Both the Compensation Committee and the Company have engaged a consultant to advise on compensation-related matters. Neither the Compensation Committee nor the Company has identified any conflicts of interest with respect to their respective compensation consultant that would impair the advice provided by such compensation consultant.

The Compensation Committee retains Mr. Charles J. Mazza, an independent compensation consultant, who performs no other services for the Company or its management, to assist in its deliberations regarding executive compensation. Pursuant to the Committee’s instructions, Mr. Mazza analyzes and comments on various compensation proposals made by the Company and on various topics specified by the Committee and opines and reports on these matters in open sessions of Compensation Committee meetings. In executive sessions of the Compensation Committee meetings, Mr. Mazza addresses subjects of particular interest to the Compensation Committee, such as compensation of the Chief Executive Officer, and presents his analysis of such subjects including the pros and cons of certain compensation elements and his recommendations. Pursuant to the Compensation Committee Chair’s request, Mr. Mazza contacts each member of the Compensation Committee annually as part of the Compensation Committee’s self-evaluation and reports his conclusions to the Compensation Committee.

The Company retains Willis Towers Watson to assist with various compensation-related projects during the course of the year. Typically, the Company has a discussion with Willis Towers Watson about a project, outlining the project’s objectives, and discusses Willis Towers Watson’s approach to the project before requesting them to complete the project. The projects range from requests for general compensation data or information to requests for specific guidance and recommendations, such as designing specific incentive plans.

Other Compensation Policies

Stock Ownership Guidelines

The Compensation Committee recognizes that executive stock ownership is an important means of aligning the interests of the Company's executives with those of its shareholders. In May, 2014, the Compensation Committee approved an increase in the stock ownership guidelines for the NEOs as follows:

- Chief Executive Officer - increased from 3 times base salary to 5 times base salary (as adjusted each year)
- Other NEOs - increased from 1.5 times base salary to 2 times base salary (as adjusted each year)

The Compensation Committee established May 2019 as the target date for the NEOs to reach the new guidelines. To the extent possible, future long-term incentive awards will be made in shares based on share availability to assist the executives in meeting the guidelines. Aside from the Company's actual performance from one year to the next, the price of the Company's stock may vary due to the general condition of the economy and the stock market. Therefore, the Compensation Committee may measure an executive's progress more on the basis of the year-over-year increase in the number of shares owned rather than the overall market value of the shares owned in relation to the executive's ownership goal. For purposes of measuring ownership, only shares owned outright or beneficially by the executive (including shares owned by the executive's spouse or dependent children and shares owned through the Company's savings plan or deferred compensation plan) are included. Shares represented by unvested stock options or any other form of equity for which a performance or vesting condition remains to be completed before the executive earns a right to and receives the shares (except for shares that have been electively deferred to a future date) are not counted in determining the executive's level of ownership.

Using the new stock ownership guidelines, as of February 29, 2016, Mr. Torbeck, owned shares valued at approximately 95% of his ownership target; Mr. Fox has achieved approximately 37% of his ownership goal; Mr. Simpson has achieved 5% of his ownership goal; Mr. Wilson has achieved approximately 94% of his ownership goal; and Mr. Duckworth has achieved approximately 9% of his ownership goal.

Prohibition on Hedging and Pledging

The Company's Insider Trading Policy expressly prohibits ownership of derivative financial instruments or participation in investment strategies that hedge the economic risk of owning the Company's common stock and prohibits officers and directors from pledging Company securities as collateral for loans.

Employment Agreements, Severance and Change in Control Payments and Benefits

The Company generally enters into employment agreements with the named executive officers for several reasons. Employment agreements give the Company flexibility to make changes in key executive positions with or without a showing of cause, if terminating the executive is determined by the Company or the Board to be in the best interests of the Company. The agreements also minimize the potential for litigation by establishing separation terms in advance and requiring that any dispute be resolved through an arbitration process. The severance, change in control payments and benefits provided under the employment agreements as described in more detail beginning on page 44 are important to ensure the retention of the NEOs.

Depending on the circumstances of their termination, the NEOs are eligible to receive severance benefits in the form of a multiple of annual base salary as a lump sum payment, continued access to certain Company-provided benefits for a defined period post-employment, healthcare benefits and accelerated vesting of all equity as determined by the provisions in their employment agreements, which are discussed in detail starting on page 39. Under a dismissal without cause or constructive

discharge following a change of control, the Company provides the severance benefits because it serves the best interest of the Company and its shareholders to have executives focus on the business merits of possible change in control situations without undue concern for their personal financial outcome. In the case of a without cause termination or constructive discharge absent a change in control, the Company believes it is appropriate to provide severance at these levels to ensure the financial security of these executives, particularly in view of the non-compete provisions which state that, for 12 months following termination, the executive will not compete with the Company or solicit customers or employees of the Company. Because these potential payments are triggered under very specific circumstances, such payments are not considered in setting pay or other elements of executive compensation. The Compensation Committee has a policy that the Company will not enter into any new or materially amended employment agreements with NEOs providing for excise tax gross-up provisions with respect to payments contingent upon a change in control, and no NEO has an excise tax gross-up provision.

Adjustments and Recovery of Award Payments and Clawback Policy

The Company is subject to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002. Therefore, if the Company were required to restate its financial results due to any material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, the Securities and Exchange Commission could act to recover from the Chief Executive Officer and Chief Financial Officer any bonus or other incentive-based or equity-based compensation received during the 12-month period following the date the applicable financial statements were issued and any profits from any sale of securities of the Company during that 12-month period.

In addition, the Board has adopted an interim executive compensation recoupment/clawback policy with the intention that the policy will be modified when final regulations required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) are adopted by the SEC. The policy was effective as of January 1, 2011, for any current executive officer or former executive officer that terminates employment after January 1, 2011 and applies to cash and equity-based compensation that is approved, granted or awarded on or after January 1, 2011. The policy allows the Company to recover incentive payments to, or realized by, certain executive officers in the event that the incentive compensation was based on the achievement of financial results that were subsequently restated to correct any accounting error due to material noncompliance with any financial reporting requirement under federal securities laws and such restatement results in a lower payment or award.

Compensation Limitation

Section 162(m) of the Code generally limits to $1,000,000 the available deduction to the Company for compensation paid to any of the Company’s NEOs, excluding the Chief Financial Officer, except for performance-based compensation that meets certain requirements. Although the Compensation Committee considers the anticipated tax treatment to the Company of its compensation payments, the Compensation Committee has determined that it will not necessarily seek to limit executive compensation to amounts deductible under Section 162(m) of the Code.

Any general statement that incorporates this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 shall not be deemed to incorporate by reference this Compensation Committee Report on Executive Compensation and related disclosure. Except to the extent the Company specifically incorporates such Report and related disclosure by reference, this information shall not otherwise be deemed to have been filed under such Acts.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in the Proxy Statement with management. Based on our review and discussions with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in Cincinnati Bell Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

COMPENSATION COMMITTEE

Craig F. Maier, Chairman
Phillip R. Cox
John W. Eck
Jakki L. Haussler
Lynn A. Wentworth

Compensation Tables

Summary Compensation Table

The following table sets forth information concerning the compensation of any person who served as the principal executive officer (Theodore H. Torbeck) or principal financial officer (Leigh R. Fox) during the year ended December 31, 2015, the three most highly compensated persons who served as executive officers (Christopher J. Wilson, Joshua T. Duckworth and Thomas E. Simpson) at the end of the year ended December 31, 2015 (collectively, the "NEOs").

Summary Compensation Table — Fiscal 2015

Name, Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (a)	Option Awards ($) (b)	Non-Equity Incentive Plan Compensation ($) (c)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (d)	All Other Compensation ($) (e)	Total ($)
Theodore H. Torbeck (f)	2015	775,000	—	1,750,000	—	951,080	—	9,805	3,485,885
President and Chief	2014	750,000	—	1,650,000	—	928,800	—	10,200	3,339,000
Executive Officer	2013	746,954	—	1,150,000	250,000	3,181,790	—	10,000	5,338,744
Leigh R. Fox (g)	2015	385,000	—	375,000	—	472,472	(8,413)	10,400	1,234,459
Chief Financial Officer	2014	350,000	—	350,000	—	497,031	29,072	10,200	1,236,303
	2013	303,846	—	286,500	—	1,056,876	(22,420)	3,566	1,628,368
Thomas E. Simpson (h)	2015	370,000	—	200,000	—	248,835	(7,038)	468	812,265
Chief Technology Officer	2014	241,778	—	—	—	145,051	26,870	7,139	420,838
Christopher J. Wilson	2015	353,600	—	320,000	—	398,578	(22,106)	10,400	1,060,472
Vice President,	2014	353,600	—	—	—	252,456	95,689	10,200	711,945
General Counsel and Secretary	2013	353,600	—	200,000	200,000	1,848,275	(68,863)	10,000	2,543,012
T. Duckworth (i)	2015	206,000	—	100,000	—	121,252	—	8,165	435,417
Vice President,	2014	200,000	—	75,000	—	109,840	—	9,636	394,476
Investor Relations and Controller	2013	169,231	—	50,000	—	193,151	—	8,530	420,912

(a) The 2015 amounts reflect the grant-date fair value of the performance share-based awards issued in 2015 to Messrs. Torbeck, Fox, Simpson, Wilson and Duckworth for the 2015-2017 performance cycle. The 2014 amounts reflect the grant-date fair value of the performance share-based awards issued in 2014 to Messrs. Torbeck, Fox and Duckworth for the 2014-2016 performance cycle. The 2013 amounts, excluding Mr. Torbeck's grant, reflect the grant-date fair value of the performance share-based awards issued in 2013 to Messrs. Fox, Wilson and Duckworth for the 2013-2015 performance cycle. Mr. Torbeck's amount is the combination of a restricted stock grant and the grant-date fair value of performance share-based awards issued in 2013. All amounts assume payout at target. For further discussion of these awards, see Note 15 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. The table below shows the amounts if the maximum payout is earned based on the stock price at date of grant.

Name	Stock Awards ($) 2015	2014	2013
Theodore H. Torbeck [1]	2,625,000	2,475,000	1,275,000
Leigh R. Fox	562,500	525,000	429,750
Thomas E. Simpson	300,000	—	—
Christopher J. Wilson	480,000	—	300,000
Joshua T. Duckworth	150,000	112,500	75,000

(1) The 2013 amount for Mr. Torbeck's grant reflects the grant-date fair value of the performance share-based awards issued in 2013 for the 2013-2015 performance cycle and a restricted common share grant. The 2013 restricted common share grant was made in accordance with Mr. Torbeck's employment agreement and the restricted common share grant vests one-third per year at the end of each one-year period.

(b) The 2013 amounts shown reflect the aggregate grant date fair value of performance-based options granted to Messrs. Torbeck, and Wilson. For all awards, the grant date fair value was computed in accordance with Accounting Standards Codification ("ASC") 718. For further discussion of the assumptions utilized to value these awards, see Note 15 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015. The amounts shown in the Summary Compensation Table above reflect payout at target, which is the maximum amount that can be earned. Performance was measured based on the achievement of cumulative unlevered cash return on asset targets over the three-year period 2013-2015. The material terms of the options granted are: grant-type - non-incentive; exercise price - fair market value of common stock on grant date; vesting - 50% on the first anniversary of the original grant date and 25% on the second anniversary and 25% on the third anniversary; term of grant - 10 years; termination - except in the case of death, disability, or retirement, any unvested awards will be canceled 90 days following termination of employment.

(c) Non-equity incentive plan compensation represents amounts earned for annual performance-based cash incentives, long-term incentive performance plan cash-settled awards and Data Center Performance Plan awards. The Data Center Performance Plan was established in 2010 and was fully paid out in 2013. Messrs. Simpson and Wilson were granted cash-settled long term incentive awards for the 2014-2016 performance period. Actual award payments, if any, will be made in 2017 based on the achievement of company metrics for the 2014-2016 performance period. The table below shows the amounts earned for each of these awards:

Name	Year	Annual Performance-Based Cash Incentive ($)	Long-Term Cash-Settled Performance Units ($) (1)	Data Center Performance Plan Cash Incentive ($) (2)	Total ($)
Theodore H. Torbeck . .	2015	951,080	—	—	951,080
	2014	928,800	—	—	928,800
	2013	949,950	—	2,231,840	3,181,790
Leigh R. Fox	2015	472,472	—	—	472,472
	2014	419,440	77,591	—	497,031
	2013	306,623	36,064	714,189	1,056,876
Thomas E. Simpson . .	2015	248,835	—	—	248,835
	2014	145,051	—	—	145,051
Christopher J. Wilson . .	2015	398,578	—	—	398,578
	2014	252,456	—	—	252,456
	2013	268,132	—	1,580,143	1,848,275
Joshua T. Duckworth . .	2015	121,252	—	—	121,252
	2014	109,840	—	—	109,840
	2013	86,023	—	107,128	193,151

(1) The amounts shown above for long-term cash-settled performance units earned by Mr. Fox represent the amounts earned in 2014 and paid in 2015 for the 2012-2014 performance cycle related to cash-payment performance awards granted in January 2012; and the amounts earned in 2013 and paid in 2014 for the 2012-2013 performance cycle related to cash-payment performance awards granted in January 2012.

(2) The amounts shown above represent the amounts paid in 2013 for the long-term Data Center Performance Plan.

(d) The amounts shown in this column for Messrs. Fox , Simpson and Wilson represent the one-year change in the value of their qualified defined benefit plan and nonqualified excess plan for 2015, 2014 and 2013, respectively, projected forward to age 65 for each executive with interest credited at 3.5%, which is the rate a terminated participant would then be given (such interest rate was increased to 4.0% effective as of March 2, 2012) and then discounted back to the respective year at the discount rate (3.8% for 2015, 3.4% for 2014 and 4.2% for 2013) required under ASC 960. The present value of the accrued pension benefits decreased in 2015 primarily due to an increase in the applicable discount rate. The Company froze its qualified pension plan for management employees in 2009; therefore, Mr. Torbeck and Mr. Duckworth are not entitled to any benefits under this plan. None of the executives receive any preferential treatment or above-market interest under the Company's retirement plans.

(e) For each NEO, the amount represents the Company's 401(k) match. Under the terms of the Cincinnati Bell Inc. Retirement Savings Plan, the Company's matching contribution is equal to 100% on the first 3% and 50% on the next 2% of contributions made to the plan by the participant. Eligible compensation includes base wages plus any incentive paid to eligible participants. The maximum Company matching contribution is $10,400.

(f) Mr. Torbeck was appointed Chief Executive Officer on January 31, 2013.

(g) Mr. Fox was appointed Chief Financial Offer on October 1, 2013.

(h) Mr. Simpson was appointed Chief Technology Officer of Cincinnati Bell Telephone Company, LLC on July 31, 2014. Mr. Simpson was named Chief Technology Officer of the Company on January 27, 2015.

(i) Mr. Duckworth was appointed Vice President, Investor Relations and Controller on July 9, 2013.

Grants Of Plan-Based Awards

The following table sets forth information concerning equity grants to the NEOs during the year ended December 31, 2015 as well as estimated future payouts under cash incentive plans:

Grants of Plan-Based Awards in 2015 Fiscal Year

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (a)							
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#) (b)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Closing Price of Company Shares on Grant Date ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Theodore H. Torbeck												
Performance-based shares	1/27/2015	—	—	—	283,171	566,343	849,514	—	—	—	—	—
Annual cash incentive		387,500	775,000	1,162,500	—	—	—	—	—	—	—	—
Leigh R. Fox												
Performance-based shares	1/27/2015	—	—	—	60,679	121,359	182,038	—	—	—	—	—
Annual cash incentive		192,500	385,000	577,500	—	—	—	—	—	—	—	—
Thomas E. Simpson												
Performance-based awards	1/27/2015	—	—	—	32,362	64,724	97,086	—	—	—	—	—
Annual cash incentive		101,384	202,767	304,151	—	—	—	—	—	—	—	—
Christopher J. Wilson												
Performance-based awards	1/27/2015	—	—	—	51,779	103,559	155,338	—	—	—	—	—
Annual cash incentive		176,800	353,600	530,400	—	—	—	—	—	—	—	—
Joshua T. Duckworth												
Performance-based shares	1/27/2015	—	—	—	16,181	32,362	48,543	—	—	—	—	—
Annual cash incentive		51,500	103,000	154,500	—	—	—	—	—	—	—	—

(a) Amounts reflect shares issuable under the long-term performance-based incentive plan. Performance will be measured based on achievement of the defined targets over the three-year period 2015-2017. See pages 26 - 29 for further details. For further discussion of assumptions and valuation, refer to Note 15 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(b) No restricted shares/units or stock options were granted in 2015.

Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

During 2015, all of the NEOs were employed pursuant to agreements with the Company. Each employment agreement sets forth, among other things, the NEO's base salary, bonus opportunities, entitlement to participate in the Company's benefit and pension plans and to receive equity awards and post-termination benefits and obligations.

Based on the agreements in place at December 31, 2015:

Mr. Torbeck's employment agreement provides for the employment and retention of Mr. Torbeck for a one-year term subject to automatic one-year extensions. Mr. Torbeck's agreement provides for both a minimum base salary of $750,000 and a minimum bonus target of $750,000 per year.

Mr. Fox's employment agreement provides for the employment and retention of Mr. Fox for a one-year term subject to automatic one-year extensions. Mr. Fox's employment agreement provides for both a minimum base salary of $350,000 and a minimum bonus target of $350,000 per year.

Mr. Simpson's employment agreement provides for the employment and retention of Mr. Simpson for a one-year term subject to automatic one-year extensions. Mr. Simpson's employment agreement provides for a minimum base salary of $370,000 and a minimum bonus target of $259,000 per year.

Mr. Wilson's employment agreement provides for the employment and retention of Mr. Wilson for a one-year term subject to automatic one-year extensions. Mr. Wilson's employment agreement provides for a minimum base salary of $353,600 per year and a minimum bonus target of $353,600 per year.

Mr. Duckworth's employment agreement provides for the employment and retention of Mr. Duckworth for a one-year term subject to automatic one-year extensions. Mr. Duckworth's employment agreement provides for a minimum base salary of $206,000 and a minimum bonus target of $103,000 per year.

Each of the NEOs, except for Mr. Torbeck and Mr. Duckworth, participate in the Management Pension Plan, which contains both a qualified defined benefit plan and a nonqualified excess benefit provision (the provision for this excess benefit is contained in the qualified defined benefit pension plan document), which applies the same benefit formula to that portion of the base wages and annual bonus payment that exceeds the maximum compensation that can be used in determining benefits under a qualified defined benefit pension plan.

Except as noted below, all eligible salaried employees of the Company participate in the Management Pension Plan on the same basis with benefits being earned after a three-year cliff-vesting period. Covered compensation for purposes of calculating benefits include base wages including any applicable overtime wages paid plus annual bonus payments. Upon separation from employment, vested benefits are payable either as a lump-sum, a single life annuity or, for married participants, a 50% joint and survivor, which provides a reduced benefit for the employee in order to provide a benefit equal to 50% of that amount if the employee dies before his/her spouse. However, a 2009 amendment to the Management Pension Plan generally provided that only "grandfathered participants" and no other participants would accrue additional plan benefits based on their compensation and service after December 31, 2018. For purposes of the plan, a "grandfathered participant" is a Plan participant who has continuously been an employee of the Company or any of its subsidiaries since before 2009 and either: (i) was at least age 50 by January 1, 2009; or (ii) had been eligible for and accepted or declined a 2007 early retirement offer of the Company. Also, the plan was further amended to reduce the benefits accrued by grandfathered participants based on their compensation and service after December 31, 2011 by approximately one-half from the prior accrual rate. In addition, the Management Pension Plan was amended to stop accruals based on compensation paid after June 30, 2013 or

services after the pay period ended June 29, 2013. The Management Pension Plan benefits for the NEO's are shown on pages 42 - 43.

After retirement or other termination of employment, a participant under the Management Pension Plan is entitled to elect to receive a benefit under the plan in the form of a lump sum payment or as an annuity, generally based on the balance credited to the participant's cash balance account under the plan when the benefit begins to be paid (but also subject to certain transition or special benefit formula rules in certain situations).

Each of the employment agreements also provide for severance payments upon termination of employment as a result of death or disability, termination by the Company without cause or termination upon a change in control. The payments to the NEOs upon termination or a change in control as of December 31, 2015 are described beginning on page 44.

Long-term Incentives

In 2015, the NEOs long-term incentives were awarded as performance unit grants. The Compensation Committee made the decision to solely use performance units to (i) provide an opportunity for the NEO to be rewarded based on the Company achieving its more objective quantitative operating results that are consistent with its long-term business strategy and (ii) to more closely align such actions with shareholders' interests. The long-term incentives granted to the NEOs are described in the Compensation Discussion and Analysis that begins on page 20.

In 2016, the Compensation Committee approved the use of time-based units as a retention component. For the 2016 - 2018 long-term incentive grant targets, 25% will be time-based units and 75% will be performance-based units.

Salary and Cash Incentive Awards in Proportion to Total Compensation

In 2015, the percentage of total compensation for each NEO represented by the sum of their salary plus bonus and non-equity incentive plan compensation as shown in the summary compensation table on page 36 was as follows: Mr. Torbeck - 50%, Mr. Fox - 69%, Mr. Simpson - 76%, Mr. Wilson - 71% and Mr. Duckworth - 75%.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning options and other equity awards held by the NEOs at December 31, 2015:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Option (#) Exercisable	Number of Securities Underlying Unexercised Option (#) Unexercisable (a)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (a)	Option Exercise Price ($)	Option Expiration Date (b)	Number of Shares or Units of Stocks That Have Not Vested (#) (c)	Market Value of Shares or Units of Stocks That Have Not Vested ($) (c)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (d)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (e)
Theodore H. Torbeck . .	89,541	29,848	—	4.75	1/31/2023				
						53,860	193,896	—	—
						—	—	1,584,213	5,703,167
Leigh R. Fox	1,500	—	—	2.91	1/29/2020				
						—	—	380,952	1,371,427
Thomas E. Simpson . . .	—	—	—	—	—				
						—	—	114,691	412,888
Christopher J. Wilson . .	71,633	23,878	—	4.75	1/31/2023				
						—	—	186,917	672,901
Joshua T. Duckworth . .	1,800	—	—	2.48	8/23/2020				
						—	—	91,141	328,108

(a) These awards are performance-based and vest 50% on the first anniversary and 25% on the second and third anniversaries if the performance condition is achieved.

(b) All options granted are for a maximum period of ten years from the date of grant and vest over a three-year period.

(c) This award represents restricted shares granted to Mr. Torbeck on January 2, 2013. The value is based on the closing price of the Company's common shares as of December 31, 2015 ($3.60).

(d) Amounts in the column include the performance shares granted for the 2013-2015 performance cycle, reflected at the maximum level payout less shares earned and vested on January 27, 2014 and January 27, 2015; performance shares granted for the 2014-2016 performance cycle, at the maximum level payout; and performance shares granted for the 2015-2017 performance cycle, at the maximum level payout.

(e) Assuming the maximum number of shares is earned, amounts represent the equity incentive plan awards not yet vested. The value is based on the closing price of the Company's common shares as of December 31, 2015 ($3.60).

Option Exercises and Stock Vested

The following table sets forth information concerning the exercise of options and the vesting of stock held by the NEOs during the year ended December 31, 2015:

Option Exercises and Stock Vested in 2015

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#) (a)	Value Realized on Exercise ($) (b)	Number of Shares Acquired on Vesting (#) (c)	Value Realized on Vesting ($) (d)
Theodore H. Torbeck	—	—	258,968	810,201
Leigh R. Fox	—	—	43,389	134,072
Thomas E. Simpson	—	—	6,256	19,331
Christopher J. Wilson	129,870	51,299	51,398	158,820
Joshua T. Duckworth	—	—	3,908	12,076

(a) The amounts shown represent shares issued upon exercise of both stock options and share-settled stock appreciation rights.

(b) The value realized on exercise is based upon the closing price of a share of our common stock on the date of exercise compared to the exercise or strike price of the option or stock appreciation award.

(c) The amount shown for Mr. Torbeck represents vesting of one-third of the restricted shares granted on January 3, 2012 and January 2, 2013 and shares issued on January 27, 2015 upon vesting of long-term performance plan awards. The amounts shown for Messrs. Fox, Simpson, Wilson and Duckworth represent shares issued on January 27, 2015 upon vesting of long-term performance plan awards.

(d) The amounts represent the value realized upon vesting based on the closing price of a share of our common stock on the respective vesting dates. For Mr. Torbeck, the vesting dates of his restricted share awards were 53,860 shares on January 2, 2015 ($3.24) and 191,082 shares on January 5, 2015 ($3.10). For Mr. Torbeck, the vesting date of his 14,026 shares of his long-term performance plan award was January 27, 2015 ($3.09). For Messrs. Fox, Simpson, Wilson and Duckworth, the vesting date of their long-term performance plan awards was January 27, 2015 ($3.09).

Pension Benefits

In February 2009, the Company made significant changes to the Management Pension Plan. The Company froze pension benefits for plan participants who were not grandfathered participants (as previously described on page 39). Thereafter, the Company amended the Management Pension Plan to stop accruals based upon compensation paid after June 30, 2013 or services after the pay period ended June 29, 2013 for all participants, including grandfathered participants. Messrs. Fox, Simpson, and Wilson are not grandfathered participants and no longer accrue additional benefits under such plan based on current compensation or service. In addition, any employee hired on or after January 1, 2009 was not eligible to participate in the Management Pension Plan. As a result, Mr. Torbeck and Mr. Duckworth are not eligible to participate in the Management Pension Plan.

The following table sets forth information regarding pension benefits:

Name	Plan Name	Number of Years Credited Service (#) (a)	Present Value of Accumulated Benefit ($) (b)(c)	Payments During Last Fiscal Year ($)
Leigh R. Fox	Qualified Defined Benefit Plan (d)	9	97,597	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		97,597	
Thomas E. Simpson	Qualified Defined Benefit Plan (d)	8	85,593	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		85,593	
Christopher J. Wilson	Qualified Defined Benefit Plan (d)	10	296,867	—
	Non-Qualified Excess Plan (e)	10	120,540	—
	Total		417,407	

(a) This column reflects years of credited service under the plans rather than actual years of service with the Company, which are higher for each of the NEOs noted. Participants were no longer credited years of service upon the freezing of pension benefits.

(b) Amounts in this column represent the accumulated benefit obligations computed using the same assumptions as used for financial reporting purposes, described in more detail in Note 12 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(c) If any of the above-identified executive officers had retired on December 31, 2015, they would have been entitled to a benefit equal to the balance then credited to them, without any reduction, under the Management Pension Plan (both the tax-qualified defined benefit plan portion and the non-qualified excess plan portion) as of that date. They may elect a lump-sum or equivalent annuity form of payment subject to any payment restrictions in place due to the funding status.

(d) Management Pension Plan.

(e) Nonqualified ERISA Excess Provisions of the Management Pension Plan.

A participant's account under the Management Pension Plan is also generally credited with assumed interest for each calendar year at a certain interest rate. Such interest rate for 2015 was 4.0% per annum.

Nonqualified Deferred Compensation

The following table sets forth information concerning compensation deferred by the NEOs:

Nonqualified Deferred Compensation for 2015 Fiscal Year

Name	Executive Contributions ($)	Company Contributions ($)	Aggregate Earnings ($) (a)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2015 ($)
Theodore H. Torbeck	—	—	—	—	—
Leigh R. Fox	—	—	—	—	—
Thomas E. Simpson	—	—	—	—	—
Christopher J. Wilson	—	—	53,300	—	468,000
Joshua T. Duckworth	—	—	—	—	—

(a) For Mr. Wilson, the amount shown includes the difference between the closing price of the Company's stock ($3.19) on December 31, 2014 and the closing price of the Company's stock ($3.60) on December 31, 2015 with respect to deferrals made prior to 2015.

Effective October 20, 2015, the Board approved the termination of the Cincinnati Bell Inc. Executive Deferred Compensation Plan (the “Executive Deferred Compensation Plan”). The Executive Deferred Compensation Plan’s termination, liquidation and distributions will be accomplished in compliance with Section 409A of the Internal Revenue Code and the Treasury Regulations issued thereunder. In accordance with the Internal Revenue Code, no new deferrals are permitted and all outstanding account balances will be distributed to the participants on November 7, 2016.

The Executive Deferred Compensation Plan generally permitted under its policies, for any calendar year, each employee who had an annual base rate of pay and target bonus above a certain high dollar amount and has been designated by the Company or a subsidiary of the Company as a “key employee” for purposes of the plan (for 2015 a key employee for purposes of the plan generally has annual pay of more than $260,000) to defer receipt of up to 75% of his or her base salary, up to 100% of his or her cash bonuses (including annual incentive awards and non-performance-based cash awards under the 2007 Long Term Incentive Plan (collectively with predecessor plans, the “Long Term Incentive Plans”)) and up to 100% of any performance-based common share awards (not including awards of stock options or restricted stock after 2005) provided under the Long Term Incentive Plans or the Short Term Incentive Plan.

For all key employees who participated in the Executive Deferred Compensation Plan, there was also a Company “match” on the amount of base salary and cash bonuses deferred under the plan for any calendar year. In general, the match was equal to the lesser of 66 2/3% of the base salary and cash bonuses deferred or 4% of the base salary and cash bonuses for a year that exceed the annual compensation limit.

Amounts deferred by any participating key employee under the Executive Deferred Compensation Plan and any related Company “match” were credited to the account of the participant under the plan and are assumed to be invested in various mutual funds or other investments (including common shares) as designated by the participant.

The accounts under the Executive Deferred Compensation Plan are not funded in a manner that would give any participant a secured interest in any funds, and benefits are paid from the assets of the Company and its subsidiaries (or from a trust that the Company has established and that remains subject to the Company’s creditors).

The Executive Deferred Compensation Plan must comply with the requirements of the American Jobs Creation Act of 2004 in order to retain its ability to defer federal income tax on certain amounts credited to a participant’s account under the plan. The Company has amended the plan to meet the requirements of the American Jobs Creation Act of 2004.

Potential Payments upon Termination of Employment or a Change in Control

The following table shows potential payments to our NEOs directly and indirectly on their behalf under existing contracts, agreements, plans or arrangements, whether written or unwritten, for various scenarios involving a change in control or termination of employment, assuming a December 31, 2015 termination or change in control date and, where applicable, using the closing price of our common shares on December 31, 2015 of $3.60.

Potential Payments upon Termination of Employment or a Change in Control: 2015

Name	Executive Payment on Termination	Involuntary Not for Cause Termination ($)	Change in Control ($)	Death ($)	Disability ($)
Theodore H. Torbeck	Base Salary	1,550,000	2,317,250	—	—
	Annual Incentive Target Opportunity	—	2,317,250	951,080	951,080
	Long Term Incentives — Performance Based (a)	1,715,908	3,754,742	3,754,742	3,754,742
	Long Term Incentives — Restricted Shares	193,896	193,896	193,896	193,896
	Basic Benefits (b)	31,452	31,452	—	31,452
	Total	3,491,256	8,614,590	4,899,718	4,931,170
Leigh R. Fox	Base Salary	770,000	962,500	—	—
	Annual Incentive Target Opportunity	—	962,500	472,472	472,472
	Long Term Incentives — Performance Based (a)	415,667	852,556	852,556	852,556
	Basic Benefits (b)	29,554	29,554	—	29,554
	Total	1,215,221	2,807,110	1,325,028	1,354,582
Thomas E. Simpson	Base Salary	740,000	925,000	—	—
	Annual Incentive Target Opportunity	—	925,000	248,835	248,835
	Long Term Incentives — Performance Based (a)	172,814	405,821	405,821	405,821
	Basic Benefits (b)	27,577	27,577	—	27,577
	Total	940,391	2,283,398	654,656	682,233
Christopher J. Wilson	Base Salary	707,200	884,000	—	—
	Annual Incentive Target Opportunity	—	884,000	398,578	398,578
	Long Term Incentives — Performance Based (a)	361,490	734,303	734,303	734,303
	Basic Benefits (b)	29,135	29,135	—	29,135
	Total	1,097,825	2,531,438	1,132,881	1,162,016
Joshua T. Duckworth	Base Salary	412,000	515,000	—	—
	Annual Incentive Target Opportunity	—	257,500	121,252	121,252
	Long Term Incentives — Performance Based (a)	89,039	205,542	205,542	205,542
	Basic Benefits (b)	28,521	28,521	—	28,521
	Total	529,560	1,006,563	326,794	355,315

(a) Performance based includes shares and cash awards that are based on the attainment of target performance metrics in the 2016 performance year. These awards have been included in the table at target; however, the actual payouts based on attainment of the metrics could range from zero to 150% of the target amount.

(b) Basic benefits consist of medical, dental, vision and group term life insurance similar to such benefits provided by the Company to other employees. In June 2014, the Company changed the benefits under the long-term disability plan to include continuation of benefits for up to 24 months after the date of disability.

If any of the executives elects to voluntarily terminate employment with the Company, or if they are terminated by the Company for cause, they are entitled to no payments from the Company other than those benefits which they have a non-forfeitable vested right to receive (the “vested amounts”), which include any shares of stock they own outright, vested options which may be exercisable for a period of 90 days following termination, deferred compensation amounts and vested amounts under the Company’s long-term incentive, pension and savings plans.

In addition to any applicable “vested amounts,” an executive will be entitled to receive certain additional benefits if one of the four termination scenarios detailed in the above table and discussed

below occurs. Regardless of the termination scenario, Messrs. Torbeck, Fox, Simpson, Wilson and Duckworth will continue to be bound by the non-disclosure, non-compete and non-solicitation provisions of their employment agreements.

If an executive is terminated by the Company without cause (an involuntary not for cause termination), the executive will be entitled to the following:

A payment equal to 2.0 times the executive's base salary;

A payment equal to the present value of an additional two years of participation in the Company's Management Pension Plan, if applicable, as though the executive had remained employed at the same base rate of pay and target bonus;

Continued medical, dental, vision and life insurance benefits during the two-year period following the executive's termination of employment on the same basis as any active salaried employee provided any required monthly contributions are made;

Continued treatment as an active employee during the two-year period following termination with respect to any outstanding long-term incentive cycles the executive may be participating in and any unvested stock options will continue to vest under the normal vesting schedule as though the executive was still an active employee; and

The ability to exercise any vested options for an additional 90 days after the end of the two-year period.

If an executive is terminated within the one-year period following a change in control, the executive will be entitled to the following:

A payment equal to 2.5 times the sum of his base salary and annual bonus target in the case of Messrs. Fox, Simpson, Wilson and Duckworth and 2.99 times in the case of Mr. Torbeck;

If eligible to participate in the Management Pension Plan, a payment equal to the present value of an additional two years of participation in the Plan as though the executive had remained employed at the same base rate of pay and target bonus;

Continued medical, dental, vision and life insurance coverage during the two-year period following the executive's termination of employment on the same basis as other active employees provided any required monthly contributions are made;

Full vesting of any options, restricted shares and/or other equity awards and the ability to exercise such options for the two-year period following termination; and

Full vesting and payout at target amounts of any awards granted under long-term incentive plan.

If an executive is "terminated" because of his or her death, the executive's beneficiary will be entitled to the following:

A payment equal to the bonus accrued and payable to the deceased executive for the current year;

Full vesting of all options held by the deceased executive and the ability to exercise such options for the one-year period following the date of the executive's death; and

Full vesting and payout at target amounts of any awards granted to the deceased executive under long-term incentive plans.

If an executive is terminated by reason of disability, the executive will be entitled to the following:

A payment equal to the bonus accrued and payable to the disabled executive for the current year completed;

- Continued vesting of all options held by the disabled executive on their normal schedule and the ability to exercise such vested options so long as the disabling conditions exist;
- Continued participation by the disabled executive in any outstanding long-term incentive plans; and
- Continued consideration of the disabled executive as an employee for all other benefits so long as the disabling condition that resulted in the disability-based termination is present for up to 24 months after the date of disability.

Under all of the termination scenarios in the preceding table, as of December 31, 2015, Messrs. Fox, Simpson, Wilson and Duckworth had certain “vested amounts” to which they were entitled as follows: Mr. Fox - $65,391, Mr. Simpson - $56,429, Mr. Wilson - $784,389 and Mr. Duckworth - $2,016.

Item 2 - Advisory Approval of the Company’s Executive Compensation

As required by the Dodd-Frank Act and pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, the Company is submitting to its shareholders a vote for the advisory approval of the Company’s executive compensation (“say-on-pay vote”). The Board of Directors determined that it would submit a say-on-pay vote to our shareholders annually. This year’s say-on-pay vote addresses our executive compensation as disclosed in the Compensation Discussion and Analysis section (“CD&A”) beginning on page 20 and the Executive Compensation section beginning on page 36.

The guiding principles of the Company’s compensation policies and decisions include aligning each executive’s compensation with the Company’s business strategy and providing incentives needed to attract, motivate and retain key executives who are important to our long-term success. Consistent with this philosophy, a significant portion of the total compensation for each of our executives is directly related to the Company’s revenues, earnings and other performance factors that measure our progress against the goals of our strategic plan as well as performance against our peer companies. The Compensation Committee and the Board believe that our compensation design and practices are effective in implementing our strategic goals. For the above reasons, we ask our shareholders to vote “FOR” the following resolution:

> “**RESOLVED**, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

The say-on-pay vote is advisory and, therefore, not binding on the Company, the Compensation Committee or the Board. However, our Board and our Compensation Committee value the opinions of our shareholders and to the extent there is any significant vote against the named executive officers’ compensation as disclosed in this Proxy Statement, we will seek to determine the causes of any significant negative voting results in an effort to better understand shareholder issues and concerns with our executive compensation.

Vote Required

Approval of this proposal requires the affirmative vote of the holders of a majority of the common shares and 6¾% Cumulative Convertible Preferred Shares, voting as one class, present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Under the rules of the NYSE, brokers are prohibited from giving proxies to vote on executive compensation matters unless the beneficial owner of such shares has given voting instructions on the matter. This means that, if your broker is the recordholder of your shares, you must give voting instructions to your broker with respect to this Item 2 if you want your broker to vote your shares on this matter. Proxies submitted without direction pursuant to this solicitation will be voted for the approval of the compensation of our named executive officers, as disclosed in this Proxy Statement. Abstentions will have the same effect as a vote against this proposal. Broker non-votes are not considered shares entitled to vote on this proposal and will have no impact on the outcome of this proposal.

Our Recommendation

The Board recommends that shareholders vote “FOR” the advisory approval of the Company’s executive compensation of its named executive officers as disclosed in the CD&A and Executive Compensation sections of this Proxy Statement.

Item 3 - Approval of an Amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors

The Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors (the "2007 Directors Plan"), as amended, permits stock options and restricted stock awards to be granted to those directors of the Company who are not employees of the Company or any of its subsidiaries (the "non-employee directors").

Under the current terms of the 2007 Directors Plan, up to 1,000,000 common shares may in the aggregate be the subject of awards granted during the life of the plan, either as stock option awards or restricted stock grants. More details about the awards issued under the 2007 Directors Plan can found on pages 11 - 12.

At this Annual Meeting, the shareholders of the Company will be asked to approve an amendment of the 2007 Directors Plan. On January 28, 2016, the Board approved an amendment to the 2007 Directors Plan, subject to shareholder approval to:

- Increase the maximum number of common shares available for issuance under the plan by 500,000 common shares from 1,000,000 common shares to 1,500,000 common shares;
- Increase the aggregate award limit for stock options permitted under the plan by 500,000 common shares from 1,000,000 common shares to 1,500,000 common shares; and
- Increase the aggregate award limit for restricted stock permitted under the plan by 500,000 common shares from 1,000,000 common shares to 1,500,000 common shares.

The number of shares available for issuance under the 2007 Directors Plan has been substantially depleted. The 500,000 additional shares will provide sufficient capacity to complete the remaining life of the 2007 Directors Plan. The Board adopted this amendment because it believes that:

- Additional shares are necessary to attract new non-employee directors; and
- Additional shares are needed to provide the annual equity grant to non-employee directors.

If the shareholders do not approve the amendment, the proposed increases will not take effect, and only a limited amount of awards may be granted under the 2007 Directors Plan (except for previously awarded shares that might in the future be returned to the 2007 Directors Plan as a result of cancellations or expiration of the prior awards).

Aggregate Past Grants Under the 2007 Directors Plan

As of February 29, 2016, awards (net of canceled or expired awards) covering an aggregate of 863,804 common shares have been granted under the 2007 Directors Plan. Consequently, in addition to any shares that might in the future be returned to the 2007 Directors Plan as a result of cancellations or expirations of awards, only 136,196 common shares remain available for future grants under the 2007 Directors Plan as of February 29, 2016.

With respect to options granted under the 2007 Directors Plan, as of February 29, 2016, all common shares subject to such outstanding options are currently underwater and have no value (based on the closing sale price of $3.46 for the Company's common shares as reported on the NYSE on such date). As of February 29, 2016, no shares had been issued upon exercise of any stock options granted under the 2007 Directors Plan.

Summary of the Plan

THE FULL TEXT OF THE 2007 DIRECTORS PLAN, AS PROPOSED TO BE AMENDED, IS SET FORTH IN APPENDIX I OF THIS PROXY STATEMENT AND THE FOLLOWING DISCUSSION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH TEXT. THE REVISIONS ARE INDICATED BY UNDERLINE AND ~~STRIKE THROUGHS~~.

The purposes of the 2007 Directors Plan are (i) to attract and retain the services of experienced and knowledgeable independent directors of the Company for the benefit of the Company and its shareholders and (ii) to provide further incentive for such directors to continue to work for the best interests of the Company and its shareholders. The plan was originally approved by the Company's shareholders on May 3, 2007, and an amendment to the plan was approved by the Company's shareholders on May 1, 2012.

The principal provisions of the 2007 Directors Plan are as follows:

1. *Administration*. The 2007 Directors Plan is administered by the Board. Subject to the limits and terms of the plan, the Board (i) makes awards under the plan, (ii) interprets the terms of the plan, and (iii) performs all other administrative actions necessary for the plan.

2. *Non-Employee Directors Eligible to Receive Awards*. Only a member of the Board who is not an employee of the Company or any subsidiary of the Company (a "non-employee director") is eligible to be granted an award under the 2007 Directors Plan. There are currently eight non-employee directors eligible to participate in the 2007 Directors Plan.

3. *Types of Awards*. The awards to be granted under the 2007 Directors Plan may consist of (i) stock options, (ii) restricted stock and/or (iii) restricted stock units. No award may be granted under the plan after May 2, 2017.

(a) A stock option represents an option to purchase, over a certain time period not to exceed ten years, a number of common shares at a fixed purchase price. The fixed purchase price of any common share acquired under any stock option will not be less than 100% of the fair market value of a common share on the grant date of the option. No stock option granted under the plan may be an incentive stock option (a special type of stock option that can provide special tax advantages for employees).

(b) Restricted stock constitutes common shares that may not be disposed of by the non-employee director to whom they are awarded until certain restrictions lapse (and that will ultimately be forfeited to the extent such restrictions are not satisfied). In general, and subject to certain exceptions in the 2007 Directors Plan, such restrictions will not lapse in full unless the non-employee director serves as a director of the Company for at least three years after the award's grant or unless the non-employee director's service as a Company director ends in special circumstances (such as his or her death, disability, or retirement after attaining the age of 68). The restrictions that apply to any restricted stock award may lapse as to a portion of the common shares subject to the award if the non-employee director meets some but not all of the imposed restrictions. Unless the Board otherwise determines, the recipient of restricted stock has all rights of a shareholder of the Company with respect to the restricted common shares, including the right to vote and to receive cash dividends.

(c) Restricted stock units represent the right of the non-employee director to common shares upon the satisfaction of the vesting conditions set forth in the Plan and award. To become vested, a non-employee director must continuously serve as a director of the Company for at least one year after the award's grant, unless the non-employee director's services as a Company director

ends in special circumstances (such as his or her death, disability, or retirement after attaining the age of 68). Unless the Board otherwise determines, the recipient of restricted stock has all rights of a shareholder of the Company with respect to the restricted common shares, including the right to vote and to receive cash dividends.

4. *Grants of Awards*. The 2007 Directors Plan provides that each non-employee director of the Company may, at the discretion of the Board, be granted a stock option for a number of common shares, a number of restricted common shares, and/or a number of restricted stock units on the date of each annual meeting if such director first became a non-employee director before the date of such annual meeting and continues in office as a non-employee director after such meeting (or, for a new non-employee director, on the first day of his or her term as a director of the Company).

The Board is to exercise its discretion when taking any action described above with the intent that the awards it makes under the 2007 Directors Plan, together with other compensation provided the non-employee directors that is either paid in the form of common shares or has its value determined in relation to the value of common shares ("equity-based compensation"), provides equity-based compensation for the non-employee directors that each year is approximately equal to the median level of the value of equity-based compensation provided by a group of comparable peer group companies to their non-employee directors.

5. *Shares Reserved For Issuance*. Subject to adjustment in the case of certain changes in the capital structure of the Company, the following limits apply to the number of common shares that may be issued or paid under or with respect to awards granted under the 2007 Directors Plan.

(a) The maximum number of common shares of the Company which may be issued or paid under or with respect to all of the awards (considered in the aggregate) granted under the plan during the plan's entire existence is 1,000,000 common shares but, as has been noted above, has been amended by the Board (subject to shareholder approval) to be 1,500,000 common shares. This is a change in the 2007 Directors Plan for which shareholder approval is being requested.

(b) The maximum number of common shares of the Company which may be issued or paid under or with respect to all stock options (considered in the aggregate but separately from all restricted stock awards) granted under the plan during the plan's entire existence is 1,000,000 common shares but, as has been noted above, has been amended by the Board (subject to shareholder approval) to be 1,500,000 common shares. This is a change in the 2007 Directors Plan for which shareholder approval is being requested.

(c) The maximum number of common shares of the Company which may be issued or paid under or with respect to all restricted stock awards and restricted stock unit awards (considered in the aggregate but separately from all stock option awards) granted under the plan during the plan's entire existence is currently 1,000,000 common shares but, as has been noted above, has been amended by the Board (subject to shareholder approval) to be 1,500,000 common shares. This is a change in the 2007 Directors Plan for which shareholder approval is being requested.

6. *Change in Control*. In the event a change in control of the Company occurs, then, in general terms and among other things (unless otherwise prescribed by the terms of the applicable award): (i) all then outstanding stock options that were granted under the 2007 Directors Plan will become exercisable in full; (ii) the restrictions still then in force and applicable to any common shares that have been awarded under the plan as restricted stock shall lapse; and (iii) the vesting conditions still then in force and applicable will be deemed satisfied.

In addition, unless otherwise prescribed by the Board in an award, in the event of a change in control of the Company, the Board will have discretion to pay in cash (in lieu of the right to exercise) the then value of any then outstanding stock option provided that the then fair market value of the common shares that are subject to such option exceeds such option's purchase price as to such shares.

7. *Adjustments for Stock Dividends, Stock Splits, and Other Corporate Transactions*. In the event of any change affecting the common shares of the Company by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares, or other corporate change in the Company, or any distributions to common shareholders of the Company other than cash dividends, the Board will make such adjustments in the aggregate number or class of common shares which may be distributed under the 2007 Directors Plan and in the number, class, and purchase or other price of shares on which the outstanding awards granted under the plan are based as it determines to be necessary or appropriate to prevent any rights provided under the plan and its awards from being enlarged or diluted by such event.

8. *Fair Market Value of Common Shares*. For purposes of the 2007 Directors Plan, the fair market value of a Company common share on any date shall generally be deemed to be the closing price of a Company common share on the NYSE on such date (or, if no trading in any stocks occurred at all on such exchange on such date, on the next subsequent date on which trading of stocks occurred on such exchange). If, however, common shares are not listed or traded at all on the NYSE on any date as of which a Company common share's fair market value is needed to be determined for purposes of the plan, then the fair market value of a common share on such date will be determined by the Board in good faith.

9. *Amendment and Termination*. The 2007 Directors Plan may generally be amended or terminated by the Board, provided that no such action shall impair the rights of a non-employee director with respect to a previously granted award without the non-employee director's consent.

However, the 2007 Directors Plan provides that no amendment to the plan shall be made without approval of the Company's shareholders: (i) if such amendment would increase the total number of common shares reserved for issuance under all awards that may be granted under the plan; (ii) if such amendment would change the class of persons eligible for awards under the plan; or (iii) if such amendment would make any other change in the plan that is required by applicable law to be approved by the Company's shareholders in order to be effective. In addition, the rules of the NYSE require shareholder approval to material amendments to the plan.

Further, the purchase or other similar price applicable to any award granted under the 2007 Directors Plan, including a stock option granted under the plan, cannot be reduced by any amendment to the award, by the cancellation of the award and the granting of a new award, or by any other means unless such reduction is approved by the Company's shareholders.

10. *Federal Income Tax Consequences*. The following describes, in very general terms, the federal income tax consequences arising with respect to awards granted under the 2007 Directors Plan.

A stock option that is granted to a non-employee director will generally create no tax consequences for the director or the Company at the time of the grant of the award. Further, upon exercising any stock option, the non-employee director generally must recognize ordinary income equal to the amount by which the fair market value of the common shares that are subject to the portion of the option being exercised, as determined on the date of exercise, exceeds the purchase price of such common shares, and the Company will be entitled to a deduction for the same amount.

The treatment to a non-employee director of a disposition of common shares acquired through the exercise of a stock option depends on how long the common shares have been held. Generally, there will be no tax consequence to the Company in connection with a disposition of common shares acquired under a stock option.

With respect to a restricted stock award and a restricted stock unit award granted under the 2007 Directors Plan to a non-employee director, the non-employee director generally must recognize ordinary income equal to the fair market value of the common shares provided under the award at the first time such common shares are not subject to a substantial risk that they will be forfeited; and the Company will be entitled to a deduction for the same amount.

In certain cases, such as an award to a non-employee director of restricted stock, the non-employee director may have the right under Section 83(b) of the Internal Revenue Code to elect to recognize as ordinary income the value of the award when issued instead of when no further substantial risk of forfeiture exists with respect to the award. In the event of such an election, the Company will be entitled to a deduction for such value at the same time.

The foregoing tax rules may be slightly adjusted for an award granted to a non-employee director who is subject to Section 16 of the Securities Exchange Act of 1934.

11. *Miscellaneous*. The 2007 Directors Plan generally requires that any purchase price or tax withholding obligations that apply to a non-employee director with respect to an award granted under the plan to him or her must be satisfied by the non-employee director when the award is exercised or when the award's common shares are no longer subject to a substantial risk of forfeiture. The plan gives several different methods that the Board can use or permit to ensure that such purchase price and tax withholding requirements are satisfied.

In no event shall the Company ever be obligated to issue or deliver any common shares in connection with an award granted under the 2007 Directors Plan unless and until the Company determines that such issuance or delivery will not constitute a violation of the provisions of any applicable law (or regulation issued under such law) or the rules of any securities exchange on which common shares are listed.

Vote Required

Approval of the amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors requires the affirmative vote of the holders of a majority of the common shares and 6 ¾% Cumulative Convertible Preferred Shares, voting as one class, present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Abstentions will have the same effect as votes against the proposal. Since the Company believes this proposal to be "non-routine," brokers will not have discretion to vote on this proposal without your instruction.

Our Recommendation

The Board recommends a vote "FOR" the approval of the amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors.

Item 4 - Re-Approval of the Material Terms of The Performance Goals Under the Cincinnati Bell Inc. 2011 Short-Term Incentive Plan

The Board is requesting shareholder re-approval of the material terms of the performance goals that may be used in setting conditions for the payment of certain awards made under the Cincinnati Bell Inc. 2011 Short-Term Incentive Plan (the "2011 Short Term Incentive Plan"). The Company's shareholders previously approved the 2011 Short Term Incentive Plan, including the material terms of the performance goals, at the 2011 annual meeting of the Company's shareholders. The re-approval is necessary so that certain awards to be granted under the plan may comply with Section 162(m) of the Internal Revenue Code (the "Code"). **No changes are being made to the terms of the 2011 Short Term Incentive Plan in connection with the requested shareholder re-approval of the material terms of the plan's performance goals.**

To explain, Section 162(m) of the Code generally provides that any publicly traded corporation may not deduct for federal income tax purposes, with respect to any tax year of the corporation, compensation paid to an employee who is a "covered employee" for such tax year to the extent such compensation exceeds $1,000,000.

For purposes of Section 162(m) of the Code and as currently interpreted in guidance issued by the Internal Revenue Service, a "covered employee" of a publicly traded corporation generally means, with respect to any tax year of the corporation, (i) the employee who, as of the close of the tax year, is or is acting as the corporation's principal executive officer and (ii) any other officer whose total compensation for that tax year is required to be reported to the corporation's shareholders under the Securities Exchange Act of 1934 by reason of the officer being among the three highest compensated officers for the tax year (other than the principal executive officer or the principal financial officer).

However, Code Section 162(m) generally provides that compensation that is payable to such a covered employee for a tax year only if certain pre-established objective performance goals based on business criteria are met ("performance-based compensation") will be exempt from such tax deduction limits if the material terms of such performance goals (i.e., the employees eligible to receive such compensation, the business criteria on which such performance goals are based, and the maximum amount of such performance-based compensation that could be paid to any employee) are disclosed to and approved by the applicable corporation's shareholders.

In order to give the Company the ability to deduct, without regard to the deduction limits of Section 162(m) of the Code, the performance-based compensation payable under any awards that are granted under the plan to covered employees on or after the Company's 2016 annual shareholder meeting, the Company's shareholders must re-approve the material terms of such performance goals at the 2016 annual shareholder meeting (which is five years from 2011 when the Company's shareholders last approved the material terms of such performance goals). However, even if the shareholders re-approve the material terms of the performance goals of the 2011 Short Term Incentive Plan, the Company cannot guarantee that an award that is intended to provide performance-based compensation to a covered employee will avoid being subject to the deduction limits of Section 162(m) of the Code. Nevertheless, the Company wants the opportunity to deduct for federal income tax purposes, without regard to the deduction limits of Section 162(m), performance-based compensation

provided by the Company under the 2011 Short Term Incentive Plan to executives whose compensation is otherwise subject to such deduction limits.

Because of this, the 2011 Short Term Incentive Plan contains rules that should permit certain parts of awards granted under the plan (which parts provide for performance-based compensation) to be exempt from the deduction limits of Section 162(m) of the Code, provided that the Company's shareholders re-approve the material terms of the performance goals of the plan. Without such shareholder re-approval, no parts of the awards granted under the plan after the Company's 2016 annual shareholder meeting will be able to avoid being subject to the deduction limits of Section 162(m) of the Code.

As indicated above, the Company is asking for shareholder re-approval of the material terms of the performance goals under which performance-based compensation can be paid under the 2011 Short Term Incentive Plan.

Material Terms of Performance Goals

The following is a summary of the material terms of the performance goals under which compensation can be paid under the 2011 Short Term Incentive Plan. **THE FULL TEXT OF THE 2011 SHORT TERM INCENTIVE PLAN IS SET FORTH IN APPENDIX II OF THIS PROXY STATEMENT AND THE FOLLOWING DISCUSSION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH TEXT.**

1. *Employees Eligible to Receive Awards*. Awards may be granted under the 2011 Short Term Incentive Plan to, and only to, key employees of the Company. A key employee refers, for purposes of the plan, to a person who is both (i) employed and classified as an employee by the Company and (ii) an officer of the Company who is subject to the disclosure requirements of Section 16 of the Securities Exchange Act of 1934.

The 2011 Short Term Incentive Plan will be administered by the Board's Compensation Committee (for purposes of this discussion as to the 2011 Short Term Incentive Plan, the "Committee").

Subject to the limits and terms of the 2011 Short Term Incentive Plan, the Committee will (i) select the key employees to whom awards under the plan will be granted, (ii) make the awards under the plan, in such amounts and on such conditions as it determines, (iii) interpret the terms of the plan and adopt administrative guidelines and rules in connection with the plan's operation, (iv) appoint certain employees to act on its behalf as its representatives, and (v) perform all other actions necessary for the plan's administration.

However, notwithstanding that the Committee generally has the right to make awards under the 2011 Short Term Incentive Plan, any award under the plan that is set by the Committee for Cincinnati Bell Inc.'s Chief Executive Officer must be approved by the Board in order to be effective.

2. *Awards*. Any award granted under the 2011 Short Term Incentive Plan to a key employee will be made with respect to a specific Cincinnati Bell Inc. tax year for federal income tax purposes (the award's "award year") and will be composed of one or more parts. No more than one award may be granted to a key employee under the plan with respect to any award year.

Each part of an award granted under the 2011 Short Term Incentive Plan to a key employee is referred to in this discussion as an "award part." An award part will be payable only if certain Company performance goals or individual performance goals that are made applicable to that award part by the Committee are met.

The total amount payable under an award granted pursuant to the 2011 Short Term Incentive Plan will be equal to the sum of the amounts, if any, payable under each award part of the award and paid in a lump sum cash amount after the end of the award's award year, but no later than the 15th day of the third month that follows the end of the award year.

The amount payable under a 2011 Short Term Incentive Plan award that relates to any award part of the award will equal such award part's target share if certain (or a certain level) of the Company performance goals or individual performance goals, as the case may be, applicable to the award part are met, but such amount may be more or less than such target share if additional or fewer (or if a higher or lower level) of the performance goals applicable to the award part are determined to be met.

In no event may the amount payable by reason of any award part of an award granted under the 2011 Short Term Incentive Plan exceed 200% of the award part's target share, and in no event may the total amount payable under any award granted under the plan (including all of its award parts) exceed $3,000,000.

Note that the Committee (or the Board with respect to an award granted to Cincinnati Bell Inc.'s Chief Executive Officer) may, prior to any payment being made under a 2011 Short Term Incentive Plan award and in its discretion and for any reason, reduce the amount payable by reason of any award part of the award that is based on a Company performance goal below the amount that would otherwise be payable by reason of such award part (although the Committee and the Board do not have discretion to increase the amount that would otherwise be payable under such award part).

Notwithstanding the foregoing, the amount that is otherwise payable under an award granted for an award year under the 2011 Short Term Incentive Plan to a key employee who incurs one of the situations described below is generally reduced on a pro rata basis to reflect:

a. the portion of such year during which he or she is not a key employee of the Company because he or she only became a key employee after the start of such year or ceased to be a key employee prior to the end of such year for a reason other than his or her retirement or death;

b. the portion of such year during which the key employee received disability benefits under a plan of the Company (if such benefits were received for more than three months in the year); or

c. the portion of such year during which the key executive was on a leave of absence approved by the Company (if such leave of absence lasted for more than three months in such year).

Also, notwithstanding the foregoing, a key employee to whom an award is granted for any award year under the 2011 Short Term Incentive Plan will not in any event be entitled to receive any amount by reason of the award unless he or she both:

a. either is an employee of the Company on the last day of the year or had his or her employment with the Company end during such year because of his or her disability, his or her retirement, or his or her death; and

b. had at least three months of active service for the Company during the year (not including any time the key employee was absent from active service during such award year by reason of any leave of absence or for any other reason, including an absence on account of disability).

For purposes of the immediately preceding two paragraphs, a key employee to whom an award is granted for any award year under the 2011 Short Term Incentive Plan will be deemed to have left employment with the Company by reason of "retirement" only if he or she ceases to be an employee of the Company after either (i) both attaining age 60 and completing at least ten years of continuous service as an employee with the Company or (ii) completing at least 30 years of continuous service as an employee with the Company.

As was noted above and notwithstanding any other provision contained in the 2011 Short Term Incentive Plan, the amount to be received by a key employee by reason of any award that is granted to the key employee under the plan with respect to any award year will not in any event exceed $3,000,000.

If a key employee is entitled to receive a payment under any award granted to him or her under the 2011 Short Term Incentive Plan, but he or she dies before such payment is made to him or her, then such payment will be made to the key employee's beneficiary (as determined under the provisions of the plan).

3. *Company Performance Goals*. The Company performance goals that may be set by the Committee with respect to any award part of an award granted under the 2011 Short Term Incentive Plan to a key employee may be based on, and only on, one or more of the following criteria applicable to the Company:

a. free cash flow (defined as cash generated by operating activities, minus capital expenditures and other investing activities, dividend payments and proceeds from the issuance of equity securities, and proceeds from the sale of assets);

b. earnings before interest, taxes, depreciation, and amortization;

c. earnings per share;

d. operating income;

e. total shareholder returns;

f. profit targets;

g. revenue targets;

h. profitability targets as measured by return ratios;

i. net income;

j. return on sales;

k. return on assets;

l. return on equity; and

m. corporate performance indicators (indices based on the level of certain services provided to customers).

The Company performance goal criteria that will apply to any award granted under the 2011 Short Term Incentive Plan to a key employee with respect to an award year will be criteria that will be able to be objectively determined by the Committee, measured or determined on the basis of the award year, and set by the Committee either prior to the start of the award year or within the first 90 days of the award year (and provided that the Company performance criteria is not in any event set after 25% or more of the award year has elapsed).

Further, the Committee may provide in the terms of an award granted under the 2011 Short Term Incentive Plan that any factor used to help determine any Company performance goal criteria identified above will be taken into account only to the extent it exceeds or, conversely, is less than a certain amount.

The Committee may also provide in the terms of an award granted under the 2011 Short Term Incentive Plan that, in determining whether any Company performance goal criteria identified above has been attained, certain special or technical factors will be ignored or, conversely, taken into account, in whole or in part, including but not limited to any one or more of the following factors:

a. a gain, loss, income, or expense resulting from changes in generally accepted accounting principles that become effective during the award's award year;

b. a gain, loss, income, or expense that is extraordinary in nature;

c. an impact of other specified nonrecurring events;

d. a gain or loss resulting from, and the direct expense incurred in connection with, the disposition of a business, in whole or in part, the sale of investments or non-core assets, or discontinued operations, categories, or segments of businesses;

e. a gain or loss from claims and/or litigation and insurance recoveries relating to claims or litigation;

f. an impact of impairment of tangible or intangible assets;

g. an impact of restructuring activities, including, without limitation, reductions in force;

h. an impact of investments or acquisitions made during the applicable award year;

i. a loss from political and legal changes that impact operations, as a consequence of war, insurrection, riot, terrorism, confiscation, expropriation, nationalization, deprivation, seizure, business interruption, or regulatory requirements;

j. retained and uninsured losses from natural catastrophes;

k. currency fluctuations;

l. an expense relating to the issuance of stock options and/or other stock-based compensation;

m. an expense relating to the early retirement of debt; and/or

n. an impact of the conversion of convertible debt securities.

Each of the adjustments will be determined in accordance with generally accepted accounting principles and standards, unless another objective method of measurement is designated by the Committee.

In addition, any Company performance goal criteria identified above may be measured or determined for Cincinnati Bell Inc., for any organization that is a part of the Company, for the Company in the aggregate, or for any group of corporations or organizations that are included in the Company.

Any such performance criteria may also be measured and determined in an absolute sense and/or in comparison to the analogous performance criteria of other publicly traded companies (that are selected for such comparison purposes by the Committee).

The Committee will verify that the Company performance goal that must be met for any specific payment to be made by reason of any award part of an award granted under the 2011 Short Term Incentive Plan has been met before such payment is permitted.

Note that, to the extent that any amount that becomes payable under an award granted under the 2011 Short Term Incentive Plan is attributable to an award part of such award that required that a Company performance goal had to be met, such amount is intended to constitute performance-based compensation that can be exempt from the deduction limits of Section 162(m) of the Code.

4. *Individual Performance Goals*. The individual performance goals that may be set by the Committee with respect to any award part of an award granted under the 2011 Short Term Incentive Plan to a key employee may be based on any criteria it deems appropriate for judging the performance of the key employee in fulfilling his or her duties for the Company.

The individual performance goals that may be set by the Committee with respect to any award part of an award granted under the 2011 Short Term Incentive Plan to a key employee may be based on any criteria it deems appropriate for judging the performance of the key employee in fulfilling his or her duties for the Company.

Such individual performance goals may be set at any time by the Committee, including after the end of the award year applicable to the award. The individual performance goal criteria may be either subjective or objective at the discretion of the Committee.

When an award under the 2011 Short Term Incentive Plan is granted to Cincinnati Bell Inc.'s Chief Executive Officer, however, the Board will have final approval as to the determination of whether such officer has met any such individual performance criteria.

Note that, to the extent that any amount that becomes payable under an award granted under the 2011 Short Term Incentive Plan is attributable to an award part of such award that required that individual performance goals had to be met, such amount will not constitute performance-based compensation and hence will, regardless of shareholder approval of the Plan, be subject to the deduction limits of Section 162(m) of the Code.

5. *Change of Control*. In the event that a “change in control” (as is defined in the 2011 Short Term Incentive Plan) of Cincinnati Bell Inc. occurs, then, in general terms, the following actions apply to awards that were previously granted under the plan but have not yet been paid.

First, the amount payable under any award that was granted under the 2011 Short Term Incentive Plan with respect to Cincinnati Bell Inc.’s tax year that immediately precedes Cincinnati Bell Inc.’s tax year in which the change in control occurs will, if such award has not yet been paid, be paid within five business days after the date of the change in control.

If the amount of such award has not been determined by the Committee by the date of the change in control, its amount will be deemed to be equal to the award’s target.

Second, a pro rata portion of any award granted under the 2011 Short Term Incentive Plan with respect to Cincinnati Bell Inc.’s tax year in which the change in control occurs will be paid within five business days after the date of the change in control.

Such pro rata portion will generally be based on the award’s target multiplied by a fraction that has a numerator equal to the number of full and partial months from the first day of the tax year in which the change in control occurs to the date of the change in control and a denominator equal to twelve.

6. *Amendment and Termination*. The 2011 Short Term Incentive Plan may be amended or terminated by the Board, provided that no such action will impair the rights of a key employee with respect to a previously granted award without the key employee’s consent and provided that no amendment may be made without approval of Cincinnati Bell Inc.’s shareholders if such amendment would make any change in the plan that is required by law to be approved by the shareholders in order to become effective.

7. *Federal Income Tax Consequences*. In general, any key employee who receives an amount that is paid by reason of an award granted under the 2011 Short Term Incentive Plan must recognize, for federal income tax consequences and at the time of the payment, ordinary compensation income equal to such amount.

In general, the Company will be entitled to a deduction for the same amount; but, when the key employee is an officer whose compensation is subject to the deduction limits of Code Section 162(m), such amount will, when combined with other compensation payable by the Company to the officer, be subject to such deduction limits with respect to any award part of the award that is based on individual performance goals or which otherwise fails to avoid such limits.

Re-approval of Material Terms of Performance Goals

As indicated above, we are seeking shareholder re-approval of the material terms of the performance goals under which compensation may be paid under the 2011 Short Term Incentive Plan in order to permit any awards granted under the plan to covered employees which are intended to provide performance-based compensation to be deducted by the Company without regard to the deduction limits of Section 162(m) of the Code.

Without such re-approval by the Company’s shareholders at their 2016 Annual Meeting, awards that are granted under the 2011 Short Term Incentive Plan to covered employees on or after such meeting may be subject to the deduction limits of Section 162(m) of the Code, thereby possibly increasing the taxes that will have to be paid by the Company in connection with compensation paid to the covered employees.

Even if the Company’s shareholders fail to re-approve the material terms of the performance goals set forth under the plan, the Company retains the right to grant awards, including performance-based compensation awards both under the 2011 Short Term Incentive Plan and outside such plan. The Company has no current definitive policy as to awards it may grant to covered employees either under or outside the 2011 Short Term Incentive Plan should the Company’s shareholders fail to re-approve the material terms of the performance goals set forth under the plan. The failure of the shareholders to re-approve such terms and the resulting inability of such awards to avoid the deduction limits of Section 162(m) of the Code would be a factor in determining future awards to covered employees made by the Company.

The only certain result if the Company's shareholders fail to re-approve the material terms of the performance goals set forth under the 2011 Short Term Incentive Plan would be that no compensation payable by reason of future awards granted under the plan to covered employees will be able to avoid being subject to the deduction limits of Section 162(m) of the Code even if such avoidance would be beneficial to the Company and its shareholders.

Vote Required

Re-approval of the material terms of the performance goals under which compensation can be paid under the 2011 Short Term Incentive Plan requires the affirmative vote of the holders of a majority of the common shares and 6 ¾% Cumulative Convertible Preferred Shares, voting as one class, present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Abstentions will have the same effect as votes against the proposal. Since the Company believes this proposal to be "non-routine," brokers will not have discretion to vote on this proposal without your instruction.

Our Recommendation

The Board recommends that shareholders vote "FOR" the re-approval of the performance goals under which compensation can be paid under the 2011 Short Term Incentive Plan.

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 regarding securities of the Company to be issued and remaining available for issuance under the equity compensation plans of the Company:

Plan Category	Number of securities to be issued upon exercise of stock options, awards, warrants and rights (a)	Weighted-average exercise price of outstanding stock options, awards, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	7,720,718 (1)	$ 3.62	5,647,918 (3)
Equity compensation plans not approved by security holders	166,721 (2)	—	136,196
Total	7,887,439	$ 3.62	5,784,114 (3)

(1) Includes 3,879,678 outstanding stock options not yet exercised, 234,308 shares of time-based restricted stock and restricted stock units, and 3,606,732 shares of performance-based awards, restrictions on which have not expired as of December 31, 2015. Awards were granted under various incentive plans approved by Cincinnati Bell shareholders. There are no outstanding unexercised share-settled stock appreciation rights. The number of performance-based shares assumes the maximum awards that can be earned if the performance conditions are achieved.

(2) The shares to be issued relate to deferred compensation in the form of previously received special awards and annual awards to non-employee directors pursuant to the "Deferred Compensation Plan for Outside Directors." From 1997 through 2004, the directors received an annual award of phantom stock equivalent to a number of common shares. For years beginning after 2004, the annual award is the equivalent of 6,000 common shares. As a result of a plan amendment effective as of January 1, 2005, upon termination of Board service, non-employee directors are required to take distribution of all annual phantom stock awards in cash. The number of actual shares of common stock to be issued pursuant to the plan as of December 31, 2015 is approximately 11,500. This plan also provides that no awards are payable until such non-employee director completes at least five years of active service as a non-employee director, except if he or she dies while serving as a member of the Board of Directors.

(3) If the amendment to the 2007 Directors Plan being voted upon at the 2016 Annual Meeting is approved by the shareholders, an additional 500,000 securities will be available for issuance under equity compensation plans approved by shareholders.

Audit Matters

Any general statement that incorporates this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 shall not be deemed to incorporate by reference this Audit and Finance Committee Report and related disclosure. Except to the extent the Company specifically incorporates such Report and related disclosure by reference, this information shall not otherwise be deemed to have been filed under such Acts.

Audit and Finance Committee Report

The Audit and Finance Committee of the Board has reviewed and discussed the Company's audited financial statements with the management of the Company and has reviewed a report from management assessing the Company's internal controls. The Audit and Finance Committee has discussed with Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche LLP"), the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2015, the matters required to be discussed by the Statement on Auditing Standard No. 16, Communications with Audit Committees, and Related and Transitional Amendments to PCAOB Standards and as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit and Finance Committee has also received the written disclosures and letter from the Independent Registered Public Accounting Firm required by applicable standards of the PCAOB, has discussed with Deloitte & Touche LLP their independence with respect to the Company, and has considered the question of whether the auditors' provision of non-audit services was compatible with the Independent Registered Public Accounting Firm maintaining their independence.

Based on its review and discussions referred to in the preceding paragraph, the Audit and Finance Committee recommended to the Board that the audited financial statements for the Company's fiscal year ended December 31, 2015 be included in the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 2015.

The Board has determined that each member of the Audit and Finance Committee satisfies the independence requirements of the rules and regulations of the SEC and the independence and other requirements of the rules and listing standards of the NYSE. The Board has determined that Lynn A. Wentworth and Jakki L. Haussler are audit committee financial experts as defined in the rules and regulations of the SEC and that each member of the Committee is financially literate as defined by the rules and listing standards of the NYSE.

AUDIT AND FINANCE COMMITTEE

Lynn A. Wentworth, Chair
Phillip R. Cox
Jakki L. Haussler
Craig F. Maier
Russel P. Mayer
John M. Zrno

Other Audit Information

Audit Fees

Deloitte & Touche LLP was the Company's Independent Registered Public Accounting Firm for the 2015 and 2014 fiscal years. Aggregate fees for professional services rendered by Deloitte & Touche LLP for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Audit fees	$ 1,367,800	$ 1,420,000
Audit related fees	500,604	32,000
Tax fees	2,700	7,500
All other fees	—	—
Total	$ 1,871,104	$ 1,459,500

Audit fees

The audit fees for the years ended December 31, 2015 and 2014 were for services rendered in connection with the audit of the Company's annual financial statements, review of quarterly financial statements included in the Company's reports filed with the SEC and services related to requirements established by the Sarbanes-Oxley Act of 2002.

Audit related fees

The audit related fees for the years ended December 31, 2015 and 2014 were for various accounting consultations and due diligence projects.

Tax fees

Tax fees for the years ended December 31, 2015 and 2014 were for the preparation of various tax filings and tax consultations.

All other fees

None.

Engagement of the Independent Registered Public Accounting Firm and Pre-Approval Policy

In accordance with its charter, the Audit and Finance Committee has the sole authority and responsibility to select, evaluate and, if necessary, replace the Independent Registered Public Accounting Firm. The Audit and Finance Committee has the sole authority to approve all audit engagement fees and terms. In addition, the Audit and Finance Committee, or the Chairperson of the Audit and Finance Committee between regularly scheduled meetings, must pre-approve all services provided to the Company by the Company's Independent Registered Public Accounting Firm.

Pursuant to Section 202 of the Sarbanes-Oxley Act of 2002, the Audit and Finance Committee pre-approved every engagement of Deloitte & Touche LLP to perform audit or non-audit services on behalf of the Company or any of its subsidiaries during the years ended December 31, 2015 and 2014.

Item 5 - Ratification of Appointment of Independent Registered Public Accounting Firm

The Company's Audit and Finance Committee Charter provides that the Committee shall have the sole authority and responsibility to select, evaluate and, if necessary, replace the Company's Independent Registered Public Accounting Firm.

On January 27, 2016, the Audit and Finance Committee retained Deloitte & Touche LLP as its Independent Registered Public Accounting Firm to audit the financial statements of the Company for the fiscal year ending December 31, 2016.

The Company is asking the shareholders to ratify the Committee's appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending December 31, 2016. If the shareholders do not ratify this appointment, the Audit and Finance Committee will consider the results of the vote and determine whether to appoint a different independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending December 31, 2016.

One or more members of the firm of Deloitte & Touche LLP will attend the Annual Meeting, will have an opportunity to make a statement and will be available to answer questions.

Vote Required

Ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company requires the affirmative vote of the holders of a majority of the common shares and 6 ¾% Cumulative Convertible Preferred Shares, voting as one class, present or represented at the Annual Meeting, in person or by proxy, and entitled to vote on this proposal. Abstentions will have the effect of a vote against the proposal. Since the Company believes this proposal to be "routine," broker non-votes will likely be voted by the organizations holding such shares in their discretion.

Our Recommendation

The Board recommends a vote "FOR" such ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm for the year 2016.

Questions and Answers about the Proxy Materials and the Annual Meeting

Q: Why am I receiving these proxy materials?

A: The Company's Board is providing these proxy materials to you in connection with the Annual Meeting of Shareholders, which will take place on April 29, 2016. As a shareholder, you are invited to attend the meeting and are entitled to vote on the proposals described in this Proxy Statement.

Q: What information is contained in the package of materials that I received?

A: The Company's combined Proxy Statement, Summary 2015 Annual Report and Annual Report on Form 10-K for the year ended December 31, 2015, which includes our 2015 consolidated financial statements, contains information relating to the proposals to be voted on at the meeting, the voting process, the compensation of directors and certain officers and certain other information required by the rules and regulations of the SEC and the rules and listing standards of the NYSE. Although you are encouraged to vote either by the internet or by telephone, these materials, if received in printed form, also include a proxy card or voting instruction card for your use in voting by mail or at the Annual Meeting.

Q: What proposals will be voted on at the meeting?

A1: The election of nine directors to serve a one-year term ending in 2017;

A2: The advisory approval of the Company's executive compensation;

A3: The approval of an amendment to the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors (the "2007 Directors Plan");

A4: The re-approval of the material terms of the performance goals under the Cincinnati Bell Inc. 2011 Short-Term Incentive Plan (the "2011 Short-Term Incentive Plan"); and

A5: The ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm to audit the financial statements of the Company for the year 2016.

Q: What is the Board of Directors' voting recommendation?

A: The Board recommends that you vote your shares:

- "FOR" each of the nominees to the Board;
- "FOR" the advisory approval of the Company's executive compensation;
- "FOR" the approval of an amendment to the 2007 Directors Plan;
- "FOR" the re-approval of the material terms of the performance goals under the 2011 Short-Term Incentive Plan; and
- "FOR" the ratification of the appointment of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm to audit the financial statements of the Company for the year 2016.

Q: Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

A: Pursuant to the rules of the SEC, the Company has elected to provide access to our proxy materials over the internet. Accordingly, we sent a Notice to our shareholders of record and beneficial owners, which instructs them as to how they may submit their proxy on the internet. If you would like to receive a paper copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. In addition, you may request to receive proxy materials in printed form by mail or by email on an ongoing basis.

Q: How can I get electronic access to the proxy materials?

A: Instructions regarding how to view the proxy materials for the Annual Meeting on the internet and to instruct the Company to send future proxy materials to you via email or in printed form are included in the Notice and on the website. If you elect to receive future proxy materials by email, the Company will save the cost of printing and mailing the proxy materials. You will also receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. The election to receive proxy materials by email will remain in effect until you terminate it.

Q: What shares can I vote?

A: You may vote all Company common shares and 6 3/4% Cumulative Convertible Preferred Shares that you own (or for which you have been given the right to provide instructions as to how such shares should be voted) as of the close of business on the Record Date. This includes: (i) shares held directly in your name as the shareholder of record, including common shares purchased through the Cincinnati Bell Employee Stock Purchase Plan; (ii) shares that are held by a trust used in connection with a Company employee or director plan pursuant to which the value of such shares has been credited to your account under such plan; and (iii) shares held for you as the beneficial owner through a broker or other nominee.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Many Cincinnati Bell shareholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with Cincinnati Bell's transfer agent, Computershare Investor Services, LLC, you are considered the shareholder of record for those shares. As a shareholder of record, you may grant your voting proxy over the internet, by mail, by telephone or you may vote your shares in person at the meeting.

Beneficial Owner

If your shares are held in a stock brokerage account or by another nominee (including a trust used in connection with a Company employee or director plan), you are considered the beneficial owner of shares held in street name, and your broker or nominee is considered to be the shareholder of record. If you are a participant in the Cincinnati Bell Inc. Retirement Savings Plan or the Cincinnati Bell Inc. Savings and Security Plan, you are the beneficial owner of the shares credited to your account. As the beneficial owner, a Notice and/or proxy card was forwarded to you by the shareholder of record. As the beneficial owner, you may direct and provide voting instructions to your broker or nominee to vote the shares held in your account by proxy over the internet or by telephone by following the instructions provided in the Notice or the proxy card. You can also mail your proxy to the Company by following the instructions provided in the proxy card (if forwarded by your broker or nominee). You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the shareholder of record authorizing you to vote the shares.

Q: How can I attend and vote my shares at the meeting?

A: Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. If you choose to attend the meeting and vote in person, you will need to provide proof of identification and then you will be presented a proxy card. Beneficial shares, held either in street name or credited to your account under a Company employee or director plan, cannot be voted at the Annual Meeting unless you obtain a signed proxy from the shareholder of record authorizing you to vote these shares.

Q: How can I vote my shares without attending the meeting?

A: The methods for voting without attending the meeting are:

By Internet - If you have internet access, you may submit your vote from any location by following the instructions provided in the Notice or the proxy card.

By Telephone - If you live in the United States or Canada, you may submit your vote by following the "Vote by Phone" instructions provided in the Notice or the proxy card.

By Mail - You may vote by mail by completing and signing your proxy card and mailing it in the accompanying enclosed, pre-addressed postage-paid envelope.

Q: What happens if I don’t give specific voting instructions?

A: The effect of not providing specific voting instructions depends on if you are the shareholder of record or the beneficial owner of the shares.

Shareholder of Record

If you are a shareholder of record and (i) you indicate when voting on the internet or by telephone that you wish to vote as recommended by the Board, or (ii) you sign and return a proxy without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on each of the matters presented in this proxy statement for which you did not provide specific voting instructions, and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owner

If you are deemed to be the beneficial owner of shares and do not provide the broker or nominee that holds your shares with specific voting instructions, the broker or nominee that holds such shares may generally vote on *routine* matters but cannot vote on *non-routine* matters, as provided by the rules of the NYSE. If the broker or nominee that holds such shares does not receive instructions on how to vote on a *non-routine* matter, the broker or nominee will inform the Inspector of Elections that it does not have authority to vote on such matter with respect to such shares. This is generally referred to as a “broker non-vote.” The Company encourages you to provide voting instructions to the broker or nominee that holds such shares by carefully following the instructions provided in the proxy card or as described above.

Q: Which ballot measures are considered *“routine”* or *“non-routine”*?

A: Proposal 1 (election of directors), Proposal 2 (advisory approval of the Company’s executive compensation), Proposal 3 (approval of an amendment to the 2007 Directors Plan), and Proposal 4 (re-approval of the material terms under the performance goals of the 2011 Short-Term Incentive Plan) are considered *non-routine* matters, and your broker or nominee cannot vote your shares without your specific voting instructions. Proposal 5 (ratification of the Independent Registered Public Accounting Firm) is considered a *routine* matter, which generally allows your broker or nominee to vote your shares on this matter even if you do not provide specific voting instructions.

Q: How are abstentions treated?

A: Abstentions are counted for the purpose of determining whether a quorum is present. For the purpose of determining whether shareholders have approved Proposal 1 (election of directors), abstentions are not treated as votes cast affirmatively or negatively, and therefore have no effect on the outcome of such proposal. For the purpose of determining whether shareholders have approved Proposal 2 (advisory approval of the Company’s executive compensation), Proposal 3 (approval of an amendment to the 2007 Directors Plan), Proposal 4 (re-approval of the material terms of the performance goals under the 2011 Short-Term Incentive Plan) or Proposal 5 (ratification of the Independent Registered Public Accounting Firm), abstentions will have a negative effect on the outcome of such proposals.

Q: Can I change my vote?

A: Yes. You may change your voting instructions at any time prior to the vote at the Annual Meeting. You may change your vote by either: (i) granting a new proxy or voting instructions bearing a later date (which automatically revokes the earlier proxy or voting instructions) whether made on the internet, by telephone or by mail; (ii) if you are a shareholder of record, notifying the Company’s Secretary in writing that you want to revoke your earlier proxy; or (iii) if you are a shareholder of record attending the Annual Meeting, giving notice of your proxy revocation in open meeting and voting in person. Please note that in order to revoke your previously granted proxy at the Annual Meeting, you must specifically request the revocation of your previous proxy.

Q: What does it mean if I receive more than one Notice or more than one proxy card?

A: It means that your shares are registered differently or are in more than one account. Please provide voting instructions for all Notices and proxy cards that you receive.

Q: Where can I find the voting results of the meeting?

A: We will announce preliminary voting results at the meeting and publish final results in the Company's Current Report on Form 8-K, which will be filed on or before May 4, 2016.

Q: What happens if additional proposals are presented at the meeting?

A: Other than the proposals described in this Proxy Statement, we do not expect any matters to be presented for a vote at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Phillip R. Cox, Lynn A. Wentworth and John M. Zrno, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of the nominees are not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Q: What classes of shares are entitled to be voted?

A: Each common share and each 6 3/4% Cumulative Convertible Preferred Share outstanding as of the close of business on the Record Date is entitled to vote on all items being voted upon at the Annual Meeting. You are entitled to one vote for each common share and one vote for each 6 3/4% Cumulative Convertible Preferred Share you own of record on the Record Date or to provide instructions on how to vote such shares in which you have a beneficial interest. The 6 3/4% Cumulative Convertible Preferred Shares will vote with the common shares as one class on each of the proposals described in this Proxy Statement. There are no cumulative voting rights for either class of shares. On the Record Date, we had 210,018,609 outstanding common shares and 155,250 6 3/4% Cumulative Convertible Preferred Shares outstanding.

Q: What is the quorum requirement for the meeting?

A: The quorum requirement for holding the meeting and transacting business is the presence, in person or by proxy, of a majority of the common and preferred shares issued and outstanding on the Record Date and entitled to vote at such meeting. However, if any particular action requires more than a simple majority because of the law, the NYSE rules, the Company's Amended Articles of Incorporation or the Company's Amended Regulations, that particular action will not be approved unless the required percentage of affirmative votes has been obtained or the required number of votes has been cast.

Abstentions are counted as present for the purpose of determining the presence of a quorum. If a *routine* matter is to be voted upon, broker non-votes are also counted as present for the purpose of determining the presence of a quorum. Since there is a *routine* matter to be voted upon this year, broker non-votes will be counted for determining the existence of a quorum.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc. ("Broadridge") will tabulate the votes and act as the Inspector of Elections.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects voting privacy. Your vote will not be disclosed either within the Company or to third parties except (i) as necessary to meet applicable legal requirements, (ii) to allow for the tabulation of votes and certification of the vote, or (iii) to facilitate a successful proxy solicitation by the Board. Occasionally, shareholders provide written comments on their proxy card, which are forwarded to the Company's management.

Q: Who will bear the cost of soliciting votes for the meeting?

A: The Company is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the proxy materials. If you choose to access the proxy materials and/or vote via the internet, you are responsible for any internet access charges you may incur. In addition to the costs of mailing the proxy materials, the Company may also incur costs to provide additional copies of these proxy materials (if requested) and for its directors, officers and employees to solicit proxies or votes in person, by telephone or by electronic communication. Our directors, officers and employees will not receive any additional compensation for such activities. We have hired Georgeson Inc. to solicit proxies for approximately $11,000 plus expenses. We have also hired Broadridge for a fee of approximately $10,000 plus expenses to assist us in facilitating the voting of proxies over the internet and serving as the Inspector of Elections. We will also reimburse brokerage houses and other nominees for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

Q: What percentage of the Company's issued and outstanding voting shares do our directors and executive officers beneficially own?

A: Our directors and executive officers owned 1.1% of our voting shares as of the Record Date.

Q: Do any of our shareholders hold more than 5% of the issued and outstanding shares of any class of the Company's voting stock?

A: As of the Record Date or an earlier date, if indicated, each of the following entities (together with their affiliates) indicated that it held more than 5% of the issued and outstanding common shares of the Company: GAMCO Investors, Inc. and affiliates, Blackrock, Inc., The Vanguard Group, and Pinnacle Associates, Ltd. GAMCO Investors, Inc. and affiliates also indicated it holds more than 5% of the 6 ¾% Cumulative Convertible Preferred shares of the Company. See page 19 for more details on the number of shares owned and percentage ownership as of the Record Date or an earlier date, if indicated.

Q: What is householding?

A: Householding is a process that allows the Company to reduce costs and increase efficiencies by mailing only one copy of Company communications to multiple shareholders who reside at the same household mailing address. If you and other shareholders at the same household mailing address are currently receiving only one copy of Company communications but would like to receive separate copies or are currently receiving multiple copies of Company communications but would like to participate in our householding program, please see the instructions on page 70.

Communications and Other Shareholder's Proposals

Mailing Address of Principal Executive Office

The mail address of our principal executive office is:

Cincinnati Bell Inc.
221 East Fourth Street
Cincinnati, OH 45202

Shareholder Proposals for Next Year's Annual Meeting

Shareholder proposals intended for inclusion in next year's Proxy Statement should be sent to Christopher J. Wilson, Vice President, General Counsel and Secretary, Cincinnati Bell Inc., 221 East Fourth Street, Cincinnati, Ohio 45202, and must be received by November 18, 2016. Any such proposal must comply with Rule 14a-8 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended. If the Company does not receive written notice by February 1, 2017 of a proposal from a shareholder who intends to propose any other matter to be acted upon at the 2017 Annual Meeting, the persons named in the Company's proxy for the 2017 Annual Meeting will be allowed to exercise their discretionary authority to vote upon any such proposal.

Shareholders may propose director candidates for consideration by the Governance and Nominating Committee of the Board. Any such recommendations should be directed to Christopher J. Wilson, Vice President, General Counsel and Secretary, Cincinnati Bell Inc., 221 East Fourth Street, Cincinnati, Ohio 45202, and must be received no later than November 18, 2016 for the 2017 Annual Meeting of Shareholders.

Other Matters to Come Before the Meeting

At the time this Proxy Statement was released to the shareholders on March 18, 2016, the Company knew of no other matters that might be presented for action at the meeting. If any other matters properly come before the meeting, it is intended that the voting shares represented by proxies will be voted with respect thereto in accordance with the judgment of the persons voting them.

Financial Statements and Corporate Governance Documents Available

The Company has elected to provide access to its Proxy Statement, Annual Report on Form 10-K and Summary Annual Report over the internet. We sent the Notice of Internet Availability to our shareholders and beneficial owners, which provides information and instructions on how to access our proxy materials over the internet or to request printed copies of our proxy materials. You may also obtain a copy of any of the following corporate governance documents from the Company's website identified below:

Corporate Governance Document	Website
Audit and Finance Committee Charter	*www.cincinnatibell.com/aboutus/corporate_governance/af_charter*
Compensation Committee Charter	*www.cincinnatibell.com/aboutus/corporate_governance/compensation_committee_charter*
Governance and Nominating Committee Charter	*www.cincinnatibell.com/aboutus/corporate_governance/gn_committee_charter*
Code of Business Conduct	*www.cincinnatibell.com/aboutus/corporate_governance/code_of_conduct*

Corporate Governance Document	Website
Code of Ethics for Senior Financial Officers	*www.cincinnatibell.com/aboutus/corporate_governance/code_of_ethics*
Code of Ethics for Directors	*www.cincinnatibell.com/aboutus/corporate_governance/code_of_ethics*
Corporate Governance Guidelines	*www.cincinnatibell.com/aboutus/corporate_governance/corporate_governance_guidelines*

Proxy Statements for Shareholders Sharing the Same Household Mailing Address

As part of the Company's efforts to reduce costs and increase efficiency, when possible, only one copy of the Notice of Internet Availability and, as appropriate, the proxy materials has been delivered to multiple shareholders sharing the same household mailing address, unless the Company has received contrary instructions from one or more of the shareholders at that address.

Upon written or oral request, the Company will promptly provide a separate copy of the Notice of Internet Availability and, as appropriate, the proxy materials to a shareholder at a shared address to which a single copy was delivered. If your household mailing address is shared with other shareholders and you did not receive a Notice of Internet Availability or, as appropriate, the proxy materials, but would like to receive a separate copy of this item as well as future Company communications, please contact the following:

For beneficial owners, please contact your broker.

For shareholders of record, please contact our transfer agent, Computershare, at the following address:

Computershare Investor Services, LLC
Shareholder Services
7530 Lucerne Drive, Suite 305
Cleveland, Ohio 44130-6557
Phone: (888) 294-8217

If shareholders residing at the same household mailing address are currently receiving multiple copies of Company communications but would like to receive only one in the future, please send written notice to your broker (for beneficial owners) or to Computershare (for shareholders of record) at the above address. In the written notice, please indicate the names of all accounts in your household, and you will be forwarded the appropriate forms for completion.

Each shareholder participating in the householding program will, however, continue to receive a separate proxy card or voting instruction card.

Electronic Delivery of Materials

Shareholders can also enroll for electronic delivery of the Company's future proxy materials by registering directly or with your broker through our website, *investor.cincinnatibell.com* in the Electronic Shareholder Communications Enrollment section of the Company's Investor Relations webpage.

Each shareholder participating in the electronic delivery of materials will, however, continue to receive a separate Notice, proxy card or voting instruction card.

Shareholder Communications with the Board of Directors

Shareholders or other interested parties may communicate with the Board, any individual director, the non-management directors as a group, or the director who presides at meetings of the non-management directors. The Company has established procedures for such shareholder communications. Shareholders and other interested parties should send any communications to Christopher J. Wilson, Vice President, General Counsel and Secretary, Cincinnati Bell Inc., 221 East Fourth Street, Cincinnati, Ohio 45202, and identify the intended recipient or recipients. All communications addressed to the Board or any identified director or directors will be forwarded to the identified person or persons.

By Order of the Board of Directors

Christopher J. Wilson
Vice President, General Counsel and Secretary

March 18, 2016

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Annex A

Cincinnati Bell Inc.
Reconciliation of GAAP and Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP" or referred to herein as "reported"). However, management believes that certain non-GAAP financial measures provide users with additional meaningful financial information that should be considered when assessing our ongoing performance. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. Management also believes non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. We ceased operations of our wireless business as of March 2015. As a result, wireless financial results are now presented as discontinued operations.

For additional details regarding the reconciliation of GAAP and non-GAAP financial measures below, see the Company's Current Report on Form 8-K filed with the SEC on February 18, 2016. This information is also available in the "Investor Relations" section of the Company's website, www.cincinnatibell.com.

(dollars in millions)	Twelve Months Ended December 31, 2015	Twelve Months Ended December 31, 2014
Net Income (GAAP)	$ 353.7	$ 75.6
Less:		
Income (loss) from discontinued operations, net of tax	62.9	(42.1)
Income from continuing operations (GAAP)	290.8	117.7
Add:		
Income tax expense	159.8	81.4
Interest expense	103.1	145.9
Loss from CyrusOne investment	5.1	7.0
Gain on sale of CyrusOne investment	(449.2)	(192.8)
Loss on extinguishment of debt	20.9	19.6
Other income, net	(2.5)	(1.9)
Operating Income (GAAP)	$ 128.0	$ 176.9
Add:		
Depreciation and amortization	141.6	127.6
Restructuring charges (reversals)	6.0	(0.4)
Loss (gain) on sale or disposal of assets	0.8	(0.3)
Transaction costs	1.4	1.2
Employee contract termination costs	2.8	2.0
Curtailment loss	0.3	—
Impairment of assets	—	4.6
Pension and other retirement plan expenses	21.2	18.0
Adjusted EBITDA (Non-GAAP)	$ 302.1	$ 329.6

(dollars in millions)	Twelve Months Ended December 31, 2015	2014
Reconciliation of Operating Cash Flow (GAAP) to Adjusted Unlevered Operating Cash Flows (Non-GAAP):		
Operating cash flow (GAAP)	$ 110.9	$ 175.2
Interest payments	108.5	153.1
Unlevered operating cash flows (Non-GAAP)	219.4	328.3
Add:		
Transaction costs	1.4	4.4
Assumed negative synergies from wireless and other	27.4	—
Wireless tower decommissioning	4.9	—
Accelerated pension payments	8.0	—
Adjusted unlevered operating cash flows (Non-GAAP)	$ 261.1	$ 332.7

(dollars in millions)	Twelve Months Ended December 31, 2015	2014
Reconciliation of GAAP Cash Flow to Free Cash Flow (as defined by the Company)		
Net increase (decrease) in cash and cash equivalents	$ (50.5)	$ 53.3
Less adjustments:		
Net increase in corporate credit and receivables facilities with initial maturities less than 90 days	1.6	127.0
Proceeds from sale of CyrusOne investment	(643.9)	(355.9)
Repayment of debt	531.7	376.5
Debt issuance costs	0.4	0.9
Decommissioning of wireless towers	4.9	—
Transaction costs	1.4	1.2
Discontinued operations*	27.6	(219.3)
Free cash flow (as defined by the Company)	$ (126.8)	$ (16.3)

* For the twelve months ended December 31, 2015 and 2014, our wireless business generated free cash flow of ($27.6) million and $24.9 million, respectively. The twelve months ended December 31, 2014 also included $194.4 million of proceeds from the sale of wireless spectrum licenses. Wireless operations are now reported as discontinued operations within the consolidated financial statements.

Adjusted EBITDA provides a useful measure of operational performance. The Company defines Adjusted EBITDA as GAAP operating income plus depreciation, amortization, restructuring charges, (gain) loss on sale or disposal of assets, transaction costs, curtailment gain (loss), asset impairments, components of pension and other retirement plan costs (including interest costs, asset returns, and amortization of actuarial gains and losses), and other special items. Adjusted EBITDA should not be considered as an alternative to comparable GAAP measures of profitability and may not be comparable with the measure as defined by other companies.

Unlevered Operating Cash Flow provides a useful measure of operational performance and liquidity. The Company defines unlevered operating cash flow as cash flows provided by (used in) operating activities plus cash paid for interest and other special items.

Free Cash Flow provides a useful measure of operational performance, liquidity and financial health. The Company defines free cash flow as cash provided by (used in) operating, financing and investing activities, adjusted for the issuance and repayment of debt, debt issuance costs, the repurchase of common stock, and the proceeds from the sale or the use of funds from the purchase of business operations, including transaction costs. Free cash flow should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities, or the change in cash on the balance sheet and may not be comparable with free cash flow as defined by other companies. Although the Company feels that there is no comparable GAAP measure for free cash flow, the foregoing financial information reconciles free cash flow to the net increase (decrease) in cash and cash equivalents.

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Schedule 1

Cincinnati Bell Inc.

General Industry Peer Group

The companies comprising the General Industry Peer Group in the CD&A are set forth below:

A.O. Smith
Accellent
Aimia*
Allegion
American Greetings
Americas Styrenics
AMSTED Industries
Ansell
Arby's Restaurant
Armstrong World Industries
Arup USA*
BBA Aviation*
Beam Suntory
Bob Evans Farms
Boise Cascade
Brembo*
Broadridge Financial Solutions
Carmeuse North America Group*
CDI
Chemtura
Chico's FAS
Citrix Systems
Clearwater Paper Corporation
Columbia Sportswear
Cooper Standard Automotive
Covance
Cracker Barrel Old Country Stores
Crown Castle
Cubic
Curtiss-Wright
Cytec Industries
Deluxe
Dentsply
Donaldson
DST Systems
DSW
Eastman Kodak
Edwards Lifesciences
Equifax
Esterline Technologies
Exterran
Follett Corporation
G&K Services
GAF Materials
GENCO
Glatfelter
Graco
Group General Atomics
H.B. Fuller
Harsco
Hercules Offshore
Herman Miller
Hexcel
HNI
HomeServe USA*
Hubbell
Husky Injection Molding Systems*
IDEXX Laboratories
Intercontinental Hotels Group*
International Flavors & Fragrances
International Game Technology
Irvine Company
ITT Corporation
Jack in the Box
K. Hovnanian Companies
KB Home
Kennametal
Knowles
KodakAlaris
Leprino Foods
Lifetouch
LinkedIn
Magellan Midstream Partners
Makino*
Markit*
Meredith
MFA Oil Company
Milacron
NBTY
NewPage
Nortek
OM Group
Outerwall
P.F. Chang's China Bistro
Pall
Parsons
PHH
Plexus
Polymer Group
Purdue Pharma
Rackspace
Rayonier
Recreational Equipment
Regal-Beloit
Revlon
Rowan Companies
Sage Software*
Sanderson Farms
SAS Institute
Schwan Food Company
Scripps Networks Interactive
Sensata Technologies
ServiceMaster Company
ShawCor
Sigma-Aldrich
Snap-On
Spirit Airlines
Steelcase
SunCoke Energy
TeleTech Holdings
Teradata
Toro
Tribune
Tronox
Tupperware Brands
UBM*
Under Armour
Underwriters Laboratories
United Launch Alliance
Vertex Pharmaceuticals
VistaPrint
Vulcan Materials
Wendy's Group
West Pharmaceutical Services
Worthington Industries
XO Communications

*Subsidiary

Schedule 2

Cincinnati Bell Inc.

Telecommunications Peer Group

The companies comprising the Telecommunications Peer Group are listed below:

Atlantic-Tele-Network, Inc.
Centurylink, Inc.
Consolidated Communications Holdings, Inc.
EarthLink Inc.
Fairpoint Communications, Inc.
Frontier Communications Corp.
General Communications Inc.
IDT Corp.
Level 3 Communications Inc.
SBA Communications Corp.
Spok Holdings, Inc.
Telephone & Data Systems Inc.
Time Warner Inc.
T-Mobile US, Inc.
TW Telecom Inc.
United States Cellular Corp.
Vonage Holdings Corp.
Windstream Corp.

Appendix I

CINCINNATI BELL INC.

2007 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

(As adopted and originally effective as of May 3, 2007)

(As amended and effective on May 1, 2012, as subsequently amended, and as further amended and effective upon shareholder approval on April 29, 2016)

1. **Introduction to Plan**.

1.1 **Name and Sponsor of Plan**. The name of this Plan is the Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, and its sponsor is CBI.

1.2 **Purposes of Plan**. The purposes of this Plan are (i) to attract and retain the services of experienced and knowledgeable persons to serve as independent directors of CBI for the benefit of CBI and its shareholders and (ii) to provide additional incentive for such directors to continue to work for the best interests of CBI and its shareholders.

1.3 **Effective Date and Duration of Plan**.

(a) The Plan is effective as of the Effective Date (May 3, 2007), subject to the Plan's approval by a majority of the voting shares present or represented and entitled to vote on the Plan at the 2007 annual meeting of CBI's shareholders.

(b) The Plan shall remain in effect thereafter until the earliest of (i) the date on which the Plan is terminated in accordance with section 14 hereof, (ii) the date on which the maximum number of Common Shares which may be issued or paid under or with respect to all of the awards granted under the Plan during the Plan's entire existence (as determined under the other provisions of the Plan) have been issued or paid, or (iii) May 2, 2017. Upon the termination of the Plan, no awards may be granted under the Plan after the date of such termination but any award granted under the Plan on or prior to the date of such termination shall remain outstanding in accordance with the terms of the Plan and the terms of the award.

2. **General Definitions**. For all purposes of the Plan, the following terms shall have the meanings indicated below when used in the Plan, unless the context clearly indicates otherwise.

2.1 "Board" means the Board of Directors of CBI.

2.2 "CBI" means Cincinnati Bell Inc. (and, except for purposes of determining whether a Change in Control has occurred, any legal successor to Cincinnati Bell Inc. that results from a merger or similar transaction).

2.3 "Change in Control" means the occurrence of any of the events described in subsection 11.3 hereof.

2.4 "Code" means the Internal Revenue Code of 1986, as it exists as of the Effective Date and as it may thereafter be amended. A reference to a specific section of the Code shall be deemed to be a reference both (i) to the provisions of such section as it exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded (by future legislation) and (ii) to the provisions of any government regulation that is issued under such section as of the Effective Date or as of a later date.

2.5 "Common Shares" means common shares, par value $0.01 per share, of CBI.

2.6 "Company" means, collectively, (i) CBI, (ii) each other corporation that is part of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, but determined without regard to Code Section 1563(a)(4) and (e)(3)(C)) that includes CBI, and (iii) each other

organization (a partnership, sole proprietorship, etc.) that is under common control (within the meaning of Section 414(b) of the Code) with CBI.

2.7 "Effective Date" means May 3, 2007.

2.8 "Exchange Act" means the Securities Exchange Act of 1934, as it exists as of the Effective Date and as it may thereafter be amended. A reference to a specific section of the Exchange Act shall be deemed to be a reference both (i) to the provisions of such section as it exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded (by future legislation) and (ii) to the provisions of any government regulation or rule that is issued under such section as of the Effective Date or as of a later date.

2.9 "Outside Director" means any member of the Board who is not an employee (on an employee payroll) of the Company.

2.10 "Plan" means this document, named the "Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors," as set forth herein and as it may be amended.

2.11 "Regulation 1.83-3(i)" means Treasury Regulation Section 1.83-3(i) issued by the Department of the Treasury under Section 83 of the Code, as such regulation exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded.

2.12 "Retirement" means, with respect to any Outside Director, the Outside Director's ceasing to be a director of CBI either (i) after he or she has attained at least age 68, (ii) after he or she has completed at least three full years of service as a director of CBI (with one year of service being credited to the Outside Director for this purpose for each twelve months as a CBI director, whether or not consecutive), or (iii) with the express consent of the Board that such cessation will be treated as the Outside Director's retirement for purposes of the Plan.

2.13 "Rule 16b-3" means Rule 16b-3 issued by the Securities and Exchange Commission under Section 16 of the Exchange Act, as such rule exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded.

3. **Administration of Plan**. The Plan shall be administered by the Board. The Board shall have the sole and complete authority to grant awards to Outside Directors in accordance with the provisions of section 5 hereof and, subject to the limitations and other provisions of the Plan, to interpret the Plan, to adopt, amend, and rescind administrative guidelines and other rules and regulations relating to the Plan, and to make all other determinations and to take all other actions it deems necessary or advisable for the proper administration of the Plan. Except to the extent otherwise required by applicable law, the Board's determinations on any matter within its authority shall be conclusive and binding on CBI, all Outside Directors, and all other parties.

4. **Class of Persons Eligible for Plan**. Awards may be granted under the Plan to, and only to, Outside Directors.

5. **Awards under Plan**.

5.1 **Type of Awards**. Awards under the Plan may be granted in any or all of the following forms, all of which shall be based on Common Shares: (i) stock options; (ii) restricted stock; and (iii) restricted stock units. The subsequent provisions of the Plan provide certain rules and conditions that apply to each of such award forms.

5.2 **Grant of Awards**. The Board may, in its discretion, grant under the Plan stock option, restricted stock, and/or restricted stock awards to any Outside Director on the first date of such individual's first term of office as an Outside Director and/or on the date of any annual meeting of the shareholders of CBI. The Board shall exercise its discretion when determining whether to grant any such awards as of any such date with the intent that the awards that are granted to the Outside Directors under the Plan, together with other compensation that is either paid in the form of Common Shares or has its value determined in relation to the value of Common Shares (such awards and such other compensation referred to in this subsection 5.2 as "equity-based compensation") and taking into

account the fair market value of a Common Share when granting or providing such equity-based compensation, provide equity-based compensation for the Outside Directors that each year is approximately equal to the median level of the value of equity-based compensation provided by a group of comparable peer group companies to their non-employee directors.

5.3 **Common Shares To Be Issued Under Awards**. Any Common Shares that are to be issued or paid under any award granted under the Plan may consist, in whole or in part, of Common Shares that are authorized but unissued or Common Shares that are treasury shares.

6. **Limits on Shares Subject to Plan Awards**.

6.1 **Common Share Limit**. Subject to the following provisions of this subsection 6.1 and the provisions of subsections 6.2 and 12.1 hereof, the following limits set forth in paragraphs (a) through (c) of this subsection 6.1 (which generally involve the maximum number of Common Shares that may be issued or paid under the Plan and its various types of awards during the Plan's entire existence) shall apply to the grant of awards under the Plan. No award may be granted under the Plan to the extent it would cause any of the following limits to be violated.

(a) The maximum number of Common Shares which may be issued or paid under or with respect to all of the awards (considered in the aggregate) granted under the Plan during the Plan's entire existence shall be equal to ~~1,000,000~~ 1,500,000 Common Shares.

(b) The maximum number of Common Shares which may be issued or paid under or with respect to all stock option awards (considered in the aggregate but separately from all restricted stock and restricted stock unit forms of awards) granted under the Plan during the Plan's entire existence shall be equal to ~~1,000,000~~ 1,500,000 Common Shares.

(c) The maximum number of Common Shares which may be issued or paid under or with respect to all restricted stock and restricted stock unit awards (considered in the aggregate but separately from all stock option forms of awards) granted under the Plan during the Plan's entire existence shall be equal to ~~1,000,000~~ 1,500,000 Common Shares.

6.2 **Rules For Applying Award Limits**. For purposes of applying the award limits set forth in subsection 6.1 hereof and for all other purposes of the Plan, the following provisions of this subsection 6.2 shall apply.

(a) If any award or portion thereof granted under the Plan is forfeited, expires, or in any other manner terminates without the payment of Common Shares or any other amount or consideration, the number of Common Shares on which such award or portion of an award was based (i) shall again be available to be issued or paid under the Plan and to be the basis on which other awards may be granted under the Plan and (ii) thus shall not be counted as Common Shares that were issued or paid under the Plan in determining whether any of the limits set forth in subsection 6.1 hereof are met.

(b) Any Common Shares that would be issued or paid under an award granted under the Plan but are withheld in payment of any exercise price, purchase price, or tax withholding requirements (in accordance with the provisions of section 13 hereof) (i) shall not again be deemed to be available to be issued or paid under the Plan or to be the basis on which other awards may be granted under the Plan and (ii) thus shall be counted as Common Shares that were issued or paid under the Plan in determining whether any of the limits set forth in subsection 6.1 hereof are met.

7. **Stock Option Awards**. Any awards granted under the Plan in the form of stock options shall be subject to the following terms and conditions of this section 7.

7.1 **Nature of Stock Option**. A stock option means an option to purchase any number of Common Shares, up to a fixed maximum number of Common Shares, in the future at a fixed price (for purposes of this section 7, the "Exercise Price") that applies to the Common Shares to which the purchase relates. Stock options granted under the Plan to any Outside Director shall be stock options that are not incentive stock options (within the meaning of Section 422 of the Code).

7.2 **Terms and Conditions of Stock Option To Be Determined by Board**. Subject to the other provisions of this section 7 and the other sections of the Plan, the terms and conditions of any stock option granted under the Plan shall be determined by the Board. The grant of a stock option shall be evidenced by a written agreement signed by the Board or a representative thereof, which agreement shall contain the terms and conditions of the stock option (as set by the Board).

7.3 **Exercise Price of Stock Option**. Unless otherwise prescribed by the Board to be higher, the Exercise Price with respect to any number of Common Shares that are subject to a stock option granted under the Plan shall be 100% (and may not in any event be less than 100%) of the fair market value of such number of Common Shares (disregarding lapse restrictions as defined in Regulation 1.83-3(i)) on the date the stock option is granted.

7.4 **Expiration of Stock Option**.

(a) Unless otherwise prescribed by the Board, any stock option granted under the Plan shall be exercisable in whole or in part at any time after the date on which it is granted. However, subject to the provisions of paragraph (b) of this subsection 7.4, a stock option granted under the Plan shall not in any event be exercisable after the expiration of ten years after the date on which it is granted (or after any earlier expiration date that is otherwise prescribed for the stock option by the Board).

(b) Unless otherwise prescribed by the Board and subject in any event to the provisions of paragraph (a) of this subsection 7.4, if an Outside Director ceases to be a director of CBI other than for death or Retirement when still eligible to exercise a stock option granted to him or her under the Plan (to the extent such stock option has not previously been exercised), such stock option shall no longer be exercisable after the earlier of the expiration of ten years after the date on which the stock option was granted or the expiration of six months after the date on which the Outside Director ceased to be a director of CBI; except that, if such Outside Director dies after he or she ceased to be a director of CBI but prior to the expiration of six months after the date on which he or she ceased to be a director of CBI, the first reference in this paragraph (b) to “six months” shall be deemed to be a reference to “one year.”

7.5 **Procedures for Exercise of Stock Option**.

(a) With respect to each exercise of a stock option granted under the Plan, written notice of the exercise must be given and the purchase price for the Common Shares being purchased upon the exercise and any taxes required to be withheld upon the exercise must be paid in full at the time of the exercise. The procedures for meeting such requirements shall be established under the provisions of section 13 hereof.

(b) As soon as administratively practical after the receipt of the written notice and full payment applicable to the exercise of any stock option granted under the Plan in accordance with the procedures established under the provisions of section 13 hereof, CBI shall deliver to the applicable Outside Director (or such other person who is exercising the stock option) a certificate or certificates representing the acquired Common Shares.

8. **Restricted Stock Awards**. Any awards granted under the Plan in the form of restricted stock shall be subject to the following terms and conditions of this section 8.

8.1 **Nature of Restricted Stock.**

(a) Restricted stock shall constitute Common Shares that may not be disposed of by the Outside Director to whom the restricted stock is granted until certain restrictions and conditions established by the Board lapse. Such restrictions shall include but not necessarily be limited to restrictions that provide that the Outside Director must, in order to dispose of all of the Common Shares reflected in a restricted stock award granted under the Plan, complete at least three full years of service as a director of CBI (with one year of service being credited to the Outside Director for this purpose for each twelve months as a CBI director, whether or not consecutive) or terminate service with CBI in special circumstances (such as upon the Outside Director’s death, disability, or Retirement that occurs after he or she has attained at least

age 68). Any restrictions imposed under a restricted stock award shall also similarly restrict the ability of the Outside Director to dispose of other rights issued with respect to such restricted stock.

(b) Any restricted stock award granted under the Plan may provide that the satisfaction of certain but not all (or a certain level but not the highest level) of the restrictions and conditions applicable to such restricted stock will permit the lapse of the applicable restrictions and conditions that restrict the right to dispose of such restricted stock as to a percentage (that is reasonably related to the percentage of all or the highest level of the restrictions and conditions applicable to the entire restricted stock award that have been satisfied), but not the maximum number, of the Common Shares reflected by such restricted stock.

8.2 **Terms and Conditions of Restricted Stock To Be Determined by Board**. Subject to the other provisions of this section 8 and the other sections of the Plan, all of the restrictions and other terms and conditions that apply to any restricted stock awarded under the Plan shall be determined by the Board. The grant of any restricted stock under the Plan shall be evidenced by a written agreement signed by the Board or a representative thereof, which agreement shall contain the restrictions and other terms and conditions of the restricted stock (as set by the Board) and shall be referenced on the certificates representing the Common Shares that constitute such restricted stock.

8.3 **Procedures for Payment of Taxes Upon Vesting of Restricted Stock**. Any taxes required to be withheld upon the lapse of any restrictions applicable to any restricted stock granted under the Plan (and, if applicable, any minimum purchase price for the restricted stock that may be required by applicable law) must be paid in full at the time such restrictions lapse. The procedures for meeting such requirements shall be established under the provisions of section 13 hereof.

8.4 **Right of Participant Under Restricted Stock**. Any Outside Director who has been granted restricted stock under the Plan shall have, during the period in which restrictions on his or her ability to dispose of such stock apply, all of the rights of a shareholder of CBI with respect to the Common Shares awarded as restricted stock (other than the right to dispose of such shares), including the right to vote the shares and the right to receive any cash or stock dividends, unless the Board shall otherwise provide in the terms of the applicable restricted stock award and except as may otherwise be provided in subsection 8.5 hereof.

8.5 **Restrictions for Additional Common Shares Issued under Stock Split or Dividend**. Any Common Shares issued with respect to restricted stock as a result of a stock split, stock dividend, or similar transaction shall be restricted to the same extent as the applicable restricted stock, unless otherwise provided by the Board in the terms of the applicable restricted stock award.

8.6 **Forfeiture of Restricted Stock**. If any restrictions or conditions on an Outside Director's ability to dispose of any restricted stock granted to him or her are not satisfied in accordance with the terms of such restricted stock award, such restricted stock shall be forfeited (subject to such exceptions, if any, as are authorized by the Board). For instance, if an Outside Director to whom restricted stock has been granted under the Plan terminates his or her service with CBI during the period in which restrictions on his or her ability to dispose of such stock apply (and prior to the satisfaction of the requirements applicable to such restrictions), such restricted stock shall be forfeited (subject to such exceptions, if any, as are authorized by the Board as to a termination of service that reflects the Outside Director's death, disability, or Retirement that occurs after the Outside Director has attained at least age 68 or as to other special circumstances).

8A. **Restricted Stock Unit Awards**. Any awards granted under the Plan in the form of restricted stock units shall be subject to the following terms and conditions of this section 8A.

8A.1 **Restricted Stock Unit**. Any restricted stock unit award that is granted to an Outside Director will award the Outside Director with a fixed number of restricted stock units. Each restricted stock unit that is awarded under a restricted stock unit award shall constitute a right that the Outside Director (or, in the event of his or her death prior to payment, the executor, administrator, or other personal representative of his or her estate) will receive one Common Share if the vesting conditions set forth under such award are met.

(a) The vesting conditions that apply to the restricted stock units that are awarded under a restricted stock unit award granted to an Outside Director pursuant to the Plan shall require, subject to the other sections and subsections of the Plan (including section 11 hereof that concerns the effect of a Change in Control on awards granted under the Plan), either:

(1) that the Outside Director must continuously be a CBI director from the date on which the restricted stock award is granted until the first annual anniversary of the date on which the award is granted (or, if earlier and if the first annual meeting of CBI shareholders after the date on which the restricted stock unit award is granted occurs before but no more than two weeks before the first annual anniversary of the date on which the restricted stock unit award is granted, until such first annual meeting of CBI shareholders), in which case the Outside Director shall be vested in all of the restricted stock units included in such restricted stock unit award; or

(2) that the Outside Director must, while still a CBI director and prior to the date he or she becomes vested in all of the restricted stock units included in such restricted stock unit award under paragraph (a)(1) of this subsection 8A.1, either die or become disabled, in which case the Outside Director shall be vested in a number of restricted stock units (rounded up to the nearest whole unit) that bears the same ratio to the total number of the restricted stock units included in such restricted stock unit award as the number of days in the period that begins on the date on which the award is granted and ends on the earlier of his or her death or becoming disabled bears to the number of days in the period that begins on date on which the award is granted and ends on the first annual anniversary of the date on which the award is granted.

(b) For purposes of this subsection 8A.1, an Outside Director shall be deemed to be “disabled” and to have a “disability” if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months. The Outside Director’s disability must be determined by the Board, which determination shall be based on medical evidence provided to it by the Outside Director or obtained by the Board on its own initiative and which in either case is deemed reasonable, satisfactory, and credible by the Board. Further, if an Outside Director fails to reasonably cooperate with the Board’s attempt to determine whether he or she is disabled, then, notwithstanding any other evidence of disability that exists, the Board shall have the right to determine that no condition of disability exists as to the Outside Director.

8A.2 **Terms and Conditions of Restricted Stock Units To Be Determined by Board**. The terms and conditions that apply to any restricted stock units awarded under the Plan shall be consistent with the other provisions of this section 8A and the other sections of the Plan and shall, to the extent such other provisions do not require a specific term or condition, be determined by the Board. The grant of any restricted stock unit award under the Plan shall be evidenced by a written agreement signed by the Board or a representative thereof, which agreement shall contain the vesting conditions and other terms and conditions of the restricted stock units (as set by the other provisions of this section 8A and the other sections of the Plan or, if applicable, by the Board).

8A.3 **Procedures for Payment of Restricted Stock Units and of Applicable Taxes**.

(a) If an Outside Director becomes vested in any restricted stock units that are awarded under a restricted stock unit award granted to him or her pursuant to the Plan, then CBI shall distribute to the Outside Director (or, in the event of his or her death before the payment, the executor, administrator, or other personal representative of his or her estate) a number of Common Shares equal to the number of such restricted stock units in which he or she so becomes vested (but subject to the tax withholding requirements of paragraph (b) of this subsection 8A.3 being satisfied at the time of such

distribution). Such distribution shall be made on a date that is within the 60 day period that begins on the earliest of (i) the date of the Outside Director's death, (ii) the date on which the Outside Director becomes disabled, or (iii) the first annual anniversary of the date on which the restricted stock unit award is granted, with the specific date within such 60 consecutive day period on which such distribution will be made being chosen by the Board in its discretion.

(b) Any taxes required to be withheld upon an Outside Director (or the executor, administrator, or other personal representative of his or her estate) becoming entitled to the distribution of any Common Shares in connection with restricted stock units awarded to the Outside Director under a restricted stock unit award granted under the Plan 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 13 hereof.

8A.4 **Forfeiture of Restricted Stock Units**. If any vesting conditions required to be met before any payment can be made with respect to any restricted stock units awarded to an Outside Director under a restricted stock unit award granted pursuant to the Plan are not satisfied in accordance with the terms of this Plan, such restricted stock units shall be forfeited by the Outside Director and neither he or she, his or her estate, or any other person attempting to claim rights under the Plan through the Outside Director shall have any rights to Common Shares or other amounts by reason of such forfeited restricted stock units.

9. **Fair Market Value of Common Shares**. For purposes of the Plan, the fair market value of a Common Share on any date (for purposes of this section 9, the "subject date") shall be deemed to be the closing price of a Common Share on the New York Stock Exchange on the subject date (or, if no trading in any stocks occurred at all on such exchange on the subject date, on the next subsequent date on which trading of stocks occurred on such exchange). Notwithstanding the foregoing, if Common Shares are not listed or traded at all on the New York Stock Exchange on the date as of which a Common Share's fair market value for the subject date is to be determined under the terms of the immediately preceding sentence, then the fair market value of a Common Share on the subject date shall be determined by the Board in good faith pursuant to methods and procedures established by the Board.

10. **Nonassignability of Awards**. Except as may be required by applicable law, no award granted under the Plan to an Outside Director may be assigned, transferred, pledged, or otherwise encumbered by the Outside Director otherwise than by will, by designation of a beneficiary to take effect after the Outside Director's death, or by the laws of descent and distribution. Each stock option award shall be exercisable during the Outside Director's lifetime only by the Outside Director (or, if permissible under applicable law, by the Outside Director's guardian or legal representative). Notwithstanding the foregoing provisions of this section 10, the Board may, in its discretion, permit transfers of stock option awards by gift or otherwise, subject to such terms and conditions as the Board may prescribe.

11. **Provisions Upon Change in Control**.

11.1 **Effect of Change in Control on Awards**. In the event a Change in Control occurs on or after the Effective Date, then, notwithstanding any other provision of the Plan and unless otherwise prescribed by the Board in the terms of an applicable award:

(a) all outstanding stock options granted under the Plan to an Outside Director shall immediately become exercisable in full upon the date of the Change in Control;

(b) the restrictions still then in force and applicable to any Common Shares awarded as restricted stock under the Plan to an Outside Director shall immediately lapse upon the date of the Change in Control; and

(c) the vesting conditions that are required to be met before the Outside Director vests in all of the restricted stock units that have been awarded to an Outside Director under a restricted stock unit award under which no restricted stock units have previously become vested or forfeited shall immediately be deemed satisfied upon the date of the Change in

Control and CBI shall, within the 60 day period that begins on the date of the Change in Control, distribute to the Outside Director (or, in the event of his or her death before the payment, the executor, administrator, or other personal representative of his or her estate) a number of Common Shares equal to the number of such restricted stock units in which he or she so becomes vested (but subject to the tax withholding requirements of subsection 8A.3(b) hereof being satisfied at the time of such distribution).

11.2 **Cashout of Stock Options and Restricted Stock Units**.

(a) In addition, unless the Board shall otherwise prescribe in the terms of a stock option that was awarded under the Plan to an Outside Director, in the event of a Change in Control the Board shall have discretion to cause a cash payment to be made to the Outside Director (or, if applicable, such other person who then holds such stock option), in lieu of the right to exercise such stock option or any portion thereof, provided (i) that such stock option is still outstanding as of the Change in Control and (ii) that the aggregate fair market value (on the date of the Change in Control) of the Common Shares that are subject to such stock option exceeds the aggregate exercise price of such Common Shares under such stock option. In the event the Board exercises its discretion to cause such cash payment to be made, the amount of such cash payment shall be equal to the amount by which (i) the aggregate fair market value (on the date of the Change in Control) of the Common Shares that are subject to such stock option exceeds (ii) the aggregate exercise price of such Common Shares under such stock option.

(b) Similarly, unless the Board shall otherwise prescribe in the terms of a restricted stock unit award that was granted under the Plan to an Outside Director, in the event of a Change in Control the Board shall have discretion to cause a cash payment to be made to the Outside Director (or, if applicable, the executor, administrator, or other personal representative of his or her estate) in payment of any restricted stock unit that is subject to such award and in which the Outside Director is vested (in an amount equal to the fair market value of a Common Share as of the date of the Change in Control), in lieu of a payment of a Common Share being made with respect to such restricted stock unit, provided that no payment or forfeiture of such restricted stock unit has occurred before the Change in Control.

11.3 **Definition of Change in Control**. For purposes of the Plan, a "Change in Control" means the occurrence of any one of the events described in the following paragraphs of this subsection 11.3.

(a) A majority of the Board as of any date not being composed of Incumbent Directors. For purposes of this subsection 11.3, as of any date, the term "Incumbent Director" means any individual who is a director of CBI as of such date and either: (i) who was a director of CBI at the beginning of the 24 consecutive month period ending on such date; or (ii) who became a CBI director subsequent to the beginning of such 24 consecutive month period and whose appointment, election, or nomination for election was approved by a vote of at least two-thirds of the CBI directors who were, as of the date of such vote, Incumbent Directors (either by a specific vote or by approval of the proxy statement of CBI in which such person is named as a nominee for director). It is provided, however, that no individual initially appointed, elected, or nominated as a director of CBI as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall ever be deemed to be an Incumbent Director.

(b) Any "person," as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act, being or becoming "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of CBI representing 20% or more of the combined voting power of CBI's then outstanding securities eligible to vote for the election of the Board (for purposes of this subsection 11.3, the "CBI Voting Securities"). It is provided, however, that the event described in this paragraph (b) shall not be deemed to be a Change in Control if such event results from any of the following: (i) the acquisition of any CBI Voting Securities by the Company, (ii) the acquisition of any CBI

Voting Securities by any employee benefit plan (or related trust) sponsored or maintained by the Company, (iii) the acquisition of any CBI Voting Securities by any underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a Non-Qualifying Transaction (as defined in paragraph (c) of this subsection 11.3).

(c) The consummation of a merger, consolidation, statutory share exchange, or similar form of corporate transaction involving the Company (for purposes of this paragraph (c), a "Reorganization") or sale or other disposition of all or substantially all of the assets of CBI to an entity that is not an affiliate of CBI (for purposes of this paragraph (c), a "Sale"), that in each case requires the approval of CBI's shareholders under the law of CBI's jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of CBI in such Reorganization or Sale), unless immediately following such Reorganization or Sale:

(1) more than 60% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (i) the entity resulting from such Reorganization or the entity which has acquired all or substantially all of the assets of CBI (for purposes of this paragraph (c) and in either case, the "Surviving Entity"), or (ii) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (for purposes of this paragraph (c), the "Parent Entity"), is represented by CBI Voting Securities that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such CBI Voting Securities were converted pursuant to such Reorganization or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such CBI Voting Securities among the holders thereof immediately prior to the Reorganization or Sale;

(2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Entity or the Parent Entity or the related trust of any such plan) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the outstanding voting securities of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity); and

(3) at least a majority of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the approval by the Board of the execution of the initial agreement providing for such Reorganization or Sale, Incumbent Directors (any Reorganization or Sale which satisfies all of the criteria specified in subparagraphs (1), (2), and (3) of this paragraph (c) being deemed to be a "Non-Qualifying Transaction" for purposes of this subsection 11.3).

(d) The shareholders of CBI approving a plan of complete liquidation or dissolution of CBI.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the CBI Voting Securities as a result of the acquisition of CBI Voting Securities by CBI which reduces the number of CBI Voting Securities outstanding; provided that, if after such acquisition by CBI such person becomes the beneficial owner of additional CBI Voting Securities that increases the percentage of outstanding CBI Voting Securities beneficially owned by such person, a Change in Control shall then occur.

12. **Adjustments**.

12.1 **Adjustments for Stock Dividends, Stock Splits, and Other Corporate Transactions**.

(a) In the event of any change affecting the Common Shares by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares, or other corporate change, or any distributions to common shareholders other than cash dividends, then, subject to the provisions of paragraph (b) of this subsection 12.1, the Board shall make such substitution or adjustment in the aggregate number or class of shares which may be distributed under the Plan and in the number, class, and exercise price or other price of shares on which the outstanding awards granted under the Plan are based as it determines to be necessary or appropriate in order to prevent the enlargement or dilution of rights under the Plan or under awards granted under the Plan.

(b) The Board shall not take any action under the provisions of paragraph (a) of this subsection 12.1 with respect to any specific award granted under the Plan to the extent it determines that such action would otherwise cause such award to become subject to the requirements of Code Section 409A when such award would not be subject to such requirements in the absence of such adjustment.

12.2 **Adjustments To Correct Errors or Omissions**. The Board shall be authorized to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any award granted under the Plan in the manner and to the extent it shall determine is needed to reflect the intended provisions of the Plan or that award or to meet any law that is applicable to the Plan (or the provisions of any law which must be met in order for the normal tax consequences of the award to apply).

13. **Procedures For Satisfying Payment and Withholding Requirements**.

13.1 **Board May Develop Payment/Withholding Procedures**. The Board may, in its discretion, establish procedures governing the exercise of, lapse of restrictions under, and/or payment of any award granted under the Plan and to compel under such procedures that, to the extent applicable under such award, any purchase price for Common Shares being obtained under such award and/or taxes required to be withheld by the terms of such award or under applicable law (with any such purchase price and/or tax withholding requirements being referred to in this section 13 as the "payment/withholding requirements") be paid in full. The Board may provide for different rules as to the satisfying of the payment/withholding requirements with respect to each type of award granted under the Plan and even among awards of the same type that are granted under the Plan. The Board's procedures applicable to the satisfaction of any payment/withholding requirements that apply to an award granted under the Plan may, in the discretion of the Board, include commonly accepted electronic or telephonic notices given via the internet or an interactive voice response system to a third party broker which is designated by the Board to facilitate and/or administer the exercise, issuance, or payment of any awards granted under the Plan.

13.2 **Default Payment/Withholding Procedures**. Unless the Board otherwise prescribes in the written agreement by which an award is granted under the Plan, any Outside Director to whom an award under the Plan is granted (or, if applicable, such other person who is exercising the award) may, in his or her sole discretion, satisfy the payment/withholding requirements that apply to such award by using any one or more of the following methods or any combination of the following methods:

(a) by making a payment to CBI of an amount in cash (which, for purposes of the Plan, shall be deemed to include payment in U.S. currency or by certified check, bank draft, cashier's check, or money order) equal to the amount of such payment/withholding requirements;

(b) by making a payment to CBI in Common Shares which are previously owned by the Outside Director (or such other person) and have a fair market value on the date of payment equal to the amount of such payment/withholding requirements;

(c) by having CBI retain Common Shares which are otherwise being purchased, issued, or paid under the award and have a fair market value on the date of payment equal to the amount of such payment/withholding requirements; and/or

(d) by having CBI retain an amount of cash that is payable under any other compensation applicable to the Outside Director (or such other person) and equal to the amount of such payment/withholding requirements.

13.3 **Right of CBI To Retain Amount To Meet Payment/Withholding Requirements If Requirements Are Not Otherwise Met**. If any Outside Director (or other person) who is responsible for satisfying any payment/withholding requirements that apply to an award granted under the Plan otherwise fails to satisfy such payment/withholding requirements under the procedures or other rules set forth in the foregoing provisions of this section 13, CBI shall have the right to retain from such award or the payment thereof (or from any other amount that is payable as compensation to the Outside Director or such other person), as appropriate, a sufficient number of Common Shares or cash otherwise applicable to the award (or otherwise applicable to such other compensation amount) in order to satisfy such payment/withholding requirements.

14. **Amendment or Termination of Plan**.

14.1 **Right of Board To Amend or Terminate Plan**. Subject to the provisions of paragraph (b) of subsection 1.3 hereof but notwithstanding any other provision hereof to the contrary, the Board may amend or terminate the Plan or any portion or provision thereof at any time, provided that no such action shall materially impair the rights of an Outside Director with respect to a previously granted Plan award without the Outside Director's consent. Notwithstanding the foregoing, the Board may not in any event, without the approval of CBI's shareholders, adopt an amendment to the Plan which shall: (i) increase the total number of Common Shares which may be issued or paid during the existence of the Plan; (ii) change the class of persons eligible to receive awards under the Plan; or (iii) make any other change in the Plan that is required by applicable law to be approved by CBI's shareholders in order to be effective.

14.2 **Rules When Shareholder Approval for Amendment Is Required**. If approval of CBI's shareholders is required to a Plan amendment pursuant to the provisions of subsection 14.1 hereof, then such approval must comply with all applicable provisions of CBI's corporate charter, bylaws and regulations, and any applicable state law prescribing a method and degree of shareholder approval required for issuance of Common Shares. If the applicable state law fails to prescribe a method and degree in such cases, then such approval must be made by a method and degree that would be treated as adequate under applicable state law in the case of an action requiring shareholder approval of an amendment to the Plan.

15. **Miscellaneous**.

15.1 **Section 83(b) Election**. An Outside Director may, with respect to any award granted to him or her under the Plan with respect to which an election could be made under Section 83(b) of the Code (generally to include in his or her gross income for Federal income tax purposes in the year the award is transferred to him or her the amounts specified in such Code section), make such election provided that (i) the terms and conditions of such award fail to prohibit the Outside Director making such election and (ii) the Outside Director provides written notice to the Committee of such election within ten days after he or she has filed a written notice of such election with the Internal Revenue Service (as well as meeting all other notice and additional requirements for such election that are required by Section 83(b) of the Code).

15.2 **Prohibition on Reduction of Exercise Price**. Subject to the provisions of subsection 12.1 hereof but notwithstanding any other provision of the Plan, in no event shall the exercise price applicable to a stock option award granted under the Plan be reduced, directly or indirectly, by an amendment to the award, by the cancellation of the award and the granting of a new award, or by any other means unless such reduction is approved by CBI's shareholders (with such approval meeting the same conditions as are described in subsection 14.2 hereof as to the approval of a Plan amendment).

15.3 **No Right To Employment as Director**. Nothing contained in the Plan or any stock option granted under the Plan shall confer on any Outside Director any right to be continued as a director of CBI or interfere in any way with the right of CBI to terminate the Outside Director's service as a director at any time and in the same manner as though the Plan and any stock options granted under the Plan were not in effect.

15.4 **No Advance Funding of Plan Benefits**. The Plan shall not be funded and CBI shall not be required to segregate any assets to reflect any awards granted under the Plan. Any liability of CBI to any person with respect to any award granted under the Plan shall be based solely upon the contractual obligations that apply to such award, and no such liability shall be deemed to be secured by any pledge of or other lien or encumbrance on any property of CBI.

15.5 **No Issuance of Common Shares Unless Securities Laws Permit Issuance**. Notwithstanding any other provision of the Plan to the contrary, in no event shall CBI be obligated to issue or deliver any Common Shares under the Plan in connection with an award granted under the Plan unless and until CBI determines that such issuance or delivery will not constitute a violation of the provisions of any applicable law (or regulation issued under such law) or the rules of any securities exchange on which Common Shares are listed and will not be subject to restrictions not generally applicable to Common Shares. In addition, with respect to any Outside Director who is subject to the requirements of Section 16 of the Exchange Act, transactions under the Plan are intended to comply with all applicable requirements of Rule 16b-3. To the extent any provision of the Plan or an award granted under the Plan or action by the Board fails to so comply, it shall be deemed to be null and void to the extent permitted by law or deemed advisable by the Board.

15.6 **Applicable Law**. Except to the extent preempted by any applicable Federal law, the Plan shall be subject to and construed in accordance with the laws of the State of Ohio.

15.7 **Counterparts and Headings**. The Plan may be executed in any number of counterparts, each of which shall be deemed an original. The counterparts shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

Appendix II

CINCINNATI BELL INC.

2011 SHORT-TERM INCENTIVE PLAN

(As adopted effective as of April 1, 2011)

1. **Introduction to Plan**.

1.1 **Name and Sponsor of Plan**. The name of this Plan is the Cincinnati Bell Inc. 2011 Short Term Incentive Plan, and its sponsor is CBI.

1.2 **Purposes of Plan**. The purposes of this Plan are (i) to further the growth of the Company by offering Key Employees of the Company competitive incentive compensation related to annual company and individual performance goals and (ii) to aid the Company in attracting and retaining Key Employees of outstanding abilities.

1.3 **Effective Date, Duration of Plan, and Replacement of Prior Plan**.

(a) The Plan is effective as of the Effective Date (April 1, 2011), subject to the Plan's approval by a majority of the voting shares present or represented and entitled to vote on the Plan at the 2011 annual meeting of CBI's shareholders.

(b) The Plan shall remain in effect thereafter until the date on which the Plan is terminated in accordance with section 13 hereof. Upon the termination of the Plan, no awards may be granted under the Plan after the date of such termination but any award granted under the Plan on or prior to the date of such termination shall remain outstanding in accordance with the terms of the Plan and the terms of the award.

(c) The Plan replaces the Cincinnati Bell Inc. Short Term Incentive Plan (for purposes of this paragraph (c), the "Prior Short Term Incentive Plan"), as such plan was in effect before the Effective Date. The Prior Short Term Incentive Plan was terminated effective as of March 31, 2011, but any award granted under the Prior Short Term Incentive Plan on or prior to the date of such plan's termination shall remain outstanding in accordance with the terms of the Prior Short Term Incentive Plan and the terms of the award.

2. **General Definitions**. For all purposes of the Plan and in addition to other definitions of terms that are contained in other sections of the Plan, the following terms shall have the meanings indicated below when used in the Plan, unless the context clearly indicates otherwise.

2.1 "Board" means the Board of Directors of CBI.

2.2 "CBI" means Cincinnati Bell Inc. (and, except for purposes of determining whether a Change in Control has occurred, any legal successor to Cincinnati Bell Inc. that results from a merger or similar transaction).

2.3 "CBI Tax Year" means any tax year of CBI for Federal income tax purposes. As of the Effective Date and until changed by CBI, a CBI Tax Year is a calendar year.

2.4 "CEO" means, as of any point in time, the person then designated by CBI as its Chief Executive Officer.

2.5 "Change in Control" means the occurrence of any of the events described in subsection 10.2 hereof.

2.6 "Code" means the Internal Revenue Code of 1986, as it exists as of the Effective Date and as it may thereafter be amended. A reference to a specific section of the Code shall be deemed to be a reference both (i) to the provisions of such section as it exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded (by future legislation) and (ii) to the provisions of any government regulation that is issued under such section as of the Effective Date or as of a later date.

2.7 “Committee” means the committee appointed to administer the Plan under the provisions of subsection 3.1 hereof.

2.8 “Company” means, collectively, (i) CBI, (ii) each other corporation that is part of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, but determined without regard to Code Section 1563(a)(4) and (e)(3)(C)) that includes CBI, and (iii) each other organization (a partnership, sole proprietorship, etc.) that is under common control (within the meaning of Section 414(b) of the Code) with CBI.

2.9 “Effective Date” means April 1, 2011.

2.10 “Key Employee” means any person who is both (i) employed and classified as an employee by the Company and (ii) an officer of the Company subject to the disclosure requirements of Section 16 of the Exchange Act.

2.11 “Exchange Act” means the Securities Exchange Act of 1934, as it exists as of the Effective Date and as it may thereafter be amended. A reference to a specific section of the Exchange Act shall be deemed to be a reference both (i) to the provisions of such section as it exists as of the Effective Date and as it is subsequently amended, renumbered, or superseded (by future legislation) and (ii) to the provisions of any government regulation or rule that is issued under such section as of the Effective Date or as of a later date.

2.12 “Participant” means a person who, as a Key Employee, was granted an award under the Plan.

2.13 “Plan” means this document, named the “Cincinnati Bell Inc. 2011 Short Term Incentive Plan,” as set forth herein and as it may be amended.

3. **Administration of Plan**.

3.1 **Committee To Administer Plan**. The Plan shall be administered by the Committee. The Committee shall be the Compensation Committee of the Board, unless and until the Board appoints a different committee to administer the Plan. The Committee shall in any event consist of at least three members of the Board (i) who are neither officers nor employees of the Company and (ii) who are outside directors within the meaning of Section 162(m)(4)(C)(i) of the Code.

3.2 **Committee’s Authority**. Subject to the limitations and other provisions of the Plan, the Committee shall have the sole and complete authority:

(a) to select, from all of the Key Employees, those Key Employees who shall participate in the Plan;

(b) to make awards to Key Employees at such times, in such forms, and in such amounts as it shall determine and to cancel, suspend, or amend any such awards;

(c) to impose such limitations, restrictions, and conditions upon awards as it shall deem appropriate;

(d) to interpret the Plan and to adopt, amend, and rescind administrative guidelines and other rules and regulations relating to the Plan;

(e) to appoint certain employees of the Company to act on its behalf as its representatives (including for purposes of signing agreements which reflect awards granted under the Plan); and

(f) to make all other determinations and to take all other actions it deems necessary or advisable for the proper administration of the Plan.

Except to the extent otherwise required by applicable law, the Committee’s determinations on any matter within its authority shall be conclusive and binding on the Company, all Participants, and all other parties.

3.3 **Flexibility in Granting Awards**. Notwithstanding any other provision of the Plan which may be read to the contrary, the Committee may set different terms and conditions applicable to each and any award granted under the Plan, even when issued to the same Participant, and there is no obligation that the awards made with respect to any CBI Tax Year must contain the same terms and conditions for all Participants or any group of Participants.

3.4 **Board Approval Needed for CEO Awards**. Notwithstanding the foregoing provisions of this section 3, any award set by the Committee for issuance to the Key Employee who is the CEO must be approved by the Board in order to become effective.

4. **Class of Key Employees Eligible for Plan**. Awards may be granted under the Plan to, and only to, Key Employees. As is indicated in section 3 hereof, the specific Key Employees to whom awards will be granted under the Plan, and who thereby will be Participants under the Plan, shall be chosen by the Committee in its sole discretion.

5. **Awards**.

5.1 **CBI Tax Year Awards**. Awards may be granted under the Plan at any time while the Plan is in effect by the Committee to any Key Employee or Key Employees (with any person who, as a Key Employee, is granted an award under the Plan being referred to herein as a Participant). Any award granted under the Plan to a Participant shall be made with respect to a specific CBI Tax Year (for all purposes of the Plan, the award's "Award Year") and shall be composed of one or more parts. No more than one award may be granted to a Participant under the Plan with respect to any CBI Tax Year. Also, the grant of any award under the Plan to a Participant with respect to any CBI Tax Year shall not entitle the Participant to an award for any subsequent CBI Tax Year.

5.2 **Award Parts and Payment of Award Amount**.

(a) As is indicated in subsection 5.1 hereof, any award granted under the Plan to a Participant shall be composed of one or more parts. Each part of an award granted under the Plan to a Participant shall be referred to herein, for all purposes of the Plan, as an "award part" and shall, subject to the following subsections of this section 5 and the provisions of section 8 hereof, provide for an amount to be paid to the Participant if and only if either Company performance goals or individual performance goals are determined to have been met in accordance with rules described in the following subsections of this section 5 and in sections 6 and 7 hereof.

(b) Further, subject to the following subsections of this section 5 and the provisions of section 8 hereof, the total amount to be paid by reason of any award granted to a Participant under the Plan shall equal the sum of the amounts, if any, payable under each award part of the award and shall be paid in a lump sum, in cash, to the Participant after the end of the award's Award Year but no later than the 15th day of the third month of the CBI Tax Year that next follows the award's Award Year.

5.3 **Determination of Amount Payable under Award**.

(a) Any award granted under the Plan to a Participant shall indicate a target payment amount (for all purposes of the Plan, the award's "Target") and assign a percent of the award's Target to each award part of the award (with the percent of the award's Target so assigned to any such award part being referred to herein, for all purposes of the Plan, as such award part's Target Share").

(b) Subject to the other provisions of this section 5, the amount payable under an award that relates to any award part of the award shall be equal to such award part's Target Share if certain (or a certain level) of the Company performance goals or the individual performance goals (as the case may be) applicable to the award part are determined to be met and may also specify a payment amount more or less than such Target Share if additional or fewer (or if a higher or lower level) of the performance goals applicable to the award part are determined to be met.

(c) In no event may the amount payable by reason of any award part of an award granted under the Plan exceed 200% of the award part's Target Share, and in no event may the total amount payable under any award (including all of its award parts) exceed $3,000,000.

5.4 **Discretion To Reduce Award Amount**.

(a) Notwithstanding the foregoing subsections of this section 5 and with respect to any award granted under the Plan to a Participant, the Committee (or, when the award was granted to the CEO, the Board) may, prior to any payment being made under the award and in its sole and unrestricted discretion and for any reason (including its determination of the Participant's performance of his or her duties for the Company), reduce the amount that is otherwise payable under the award by reason of any award part of the award that determines an amount payable based on satisfaction of Company performance goals.

(b) The Committee (or, when the applicable award is granted to the CEO, the Board) may set, in the terms of an award granted under the Plan to a Participant, a limit on the reduction that can be made under this subsection 5.4 to the amount otherwise payable under the award by reason of any award part that determines an amount payable based on satisfaction of Company performance goals.

(c) The discretion granted the Committee (or, if applicable, the Board) under this subsection 5.4 shall not in any manner allow it to increase the amount that would otherwise be payable under any award granted under the Plan by reason of any award part that determines an amount payable based on satisfaction of Company performance goals.

5.5 **Effect on Award Amount of Mid-Year Eligibility, Retirement, Death, Disability, or Leave of Absence**. Notwithstanding the foregoing subsections of this section 5, if a situation that is described in any of the following paragraphs of this subsection 5.5 applies to a Participant to whom an award is granted under the Plan, then the amount that is payable under the award shall be deemed to be equal to the product obtained by multiplying (i) the amount that would otherwise be payable under the award based on all of the foregoing subsections of this section 5 (without regard to the provisions of this subsection 5.5) by (ii) a fraction, the numerator of which is equal to the difference between the total number of days in the award's Award Year and the number of days that are to be excluded from such fraction's numerator pursuant to whichever of the following paragraphs of this subsection 5.5 are applicable to the Participant and the denominator of which is the total number of days in such Award Year.

(a) If the Participant becomes a Key Employee during but after the first day of the award's Award Year, and/or if the Participant ceases to be a Key Employee during but prior to the last day of the award's Award Year because of his or her retirement or death, then the numerator of the fraction referred to above shall exclude the number of the days in such Award Year on which the Participant is not a Key Employee. For all purposes of the Plan, a Participant's "retirement" shall be deemed to have occurred only if the Participant ceases to be an employee of the Company after either (i) both attaining age 60 and completing at least ten years of continuous service as an employee with the Company or (ii) completing at least 30 years of continuous service as an employee with the Company.

(b) If the Participant receives disability benefits under the Company's Sickness and Accident Disability Benefits Plan or any similar type of disability plan for more than three months of the award's Award Year, the numerator of the fraction referred to above shall exclude the number of the days in the period of such Award Year for which benefits are payable to the Participant under such plan.

(c) If the Participant is on a leave of absence (approved by the Company) for more than three months of the award's Award Year, the numerator of the fraction referred to above shall exclude the number of the days in such Award Year on which the Participant is on such leave of absence.

5.6 **Employment Requirements for Receipt of Award Amount**. Notwithstanding the foregoing subsections of this section 5, a Participant to whom an award has been granted under the Plan shall not in any event be entitled to receive any amount by reason of the award unless he or she both:

(a) either (i) is an employee of the Company on the last day of the award's Award Year or (ii) had his or her employment with the Company end during such Award Year because of his or her disability (for which the Participant will be entitled to receive or has received disability benefits under the Company's Sickness and Accident Disability Benefits Plan or any similar type of disability plan), his or her retirement (as defined in subsection 5.5(a) hereof), or his or her death; and

(b) has had at least three months of active service for the Company during the award's Award Year (not including any time the Participant was absent from active service during such Award Year by reason of any leave of absence or for any other reason, including an absence on account of disability).

5.7 **Maximum Amount of Award**. As is noted in subsection 5.3(c) hereof and notwithstanding any other provision of the Plan to the contrary, the amount to be received by a Participant by reason of any award that is granted to the Participant under the Plan with respect to any CBI Tax Year shall not in any event exceed $3,000,000.

5.8 **Award Agreements**. Each award granted under the Plan to a Participant (and the terms of such award) may be evidenced in such manner as the Committee determines, including but not limited to written resolutions of the Committee or an agreement, notice, or similar document that is provided in any manner to the Participant.

6. **Company Performance Goals**.

6.1 **Criteria for Company Performance Goals**. To the extent the meeting of "Company performance goals" set by the Committee may be a condition to an amount being determined with respect to an award part of an award granted under the Plan, the Committee may base such Company performance goals on, and only on, one or more of the following criteria applicable to the Company:

(a) free cash flow (defined as cash generated by operating activities, minus capital expenditures and other investing activities, dividend payments and proceeds from the issuance of equity securities, and proceeds from the sale of assets);

(b) earnings before interest, taxes, depreciation, and amortization;

(c) earnings per share;

(d) operating income;

(e) total shareholder returns;

(f) profit targets;

(g) revenue targets;

(h) profitability targets as measured by return ratios;

(i) net income;

(j) return on sales;

(k) return on assets;

(l) return on equity; and

(m) corporate performance indicators (indices based on the level of certain services provided to customers).

6.2 **Method By Which Performance Criteria Can Be Measured**.

(a) Any performance criteria described in subsection 6.1 hereof that is used to determine the Company performance goals applicable to an award part of an award granted under the Plan shall be measured or determined on the basis of the award's Award Year, shall be set by the Committee either prior to the start of such year or within its first 90 days (provided that the performance criteria is not in any event set after 25% or more of the applicable Award Year has elapsed), and shall be criteria that will be able to be objectively determined by the Committee.

(b) Further, the Committee may provide in the terms of an award granted under the Plan that any factor used to help determine any performance criteria identified in subsection 6.1 hereof shall be taken into account only to the extent it exceeds or, conversely, is less than a certain amount. The Committee may also provide in the terms of an award granted under the Plan that, in determining whether any performance criteria identified in subsection 6.1 hereof has been attained, certain special or technical factors shall be ignored or, conversely, taken into account, in whole or in part, including but not limited to any one or more of the following factors:

(1) a gain, loss, income, or expense resulting from changes in generally accepted accounting principles that become effective during the award's Award Year;

(2) a gain, loss, income, or expense that is extraordinary in nature;

(3) an impact of other specified nonrecurring events;

(4) a gain or loss resulting from, and the direct expense incurred in connection with, the disposition of a business, in whole or in part, the sale of investments or non-core assets, or discontinued operations, categories, or segments of businesses;

(5) a gain or loss from claims and/or litigation and insurance recoveries relating to claims or litigation;

(6) an impact of impairment of tangible or intangible assets;

(7) an impact of restructuring activities, including, without limitation, reductions in force;

(8) an impact of investments or acquisitions made during the applicable Award Year;

(9) a loss from political and legal changes that impact operations, as a consequence of war, insurrection, riot, terrorism, confiscation, expropriation, nationalization, deprivation, seizure, business interruption, or regulatory requirements;

(10) retained and uninsured losses from natural catastrophes;

(11) currency fluctuations;

(12) an expense relating to the issuance of stock options and/or other stock-based compensation;

(13) an expense relating to the early retirement of debt; and/or

(14) an impact of the conversion of convertible debt securities.

Each of the adjustments described in this paragraph (b) shall be determined in accordance with generally accepted accounting principles and standards, unless another objective method of measurement is designated by the Committee.

(c) In addition, any performance criteria identified in subsection 6.1 hereof, and any adjustment in the factors identified in paragraph (b) of this subsection 6.2 that are used to determine any such performance criteria, may: (i) be measured or determined for CBI, for any organization other than CBI that is part of the Company, for the entire Company in the

aggregate, or for any group of corporations or organizations that are included in the Company; and (ii) be measured and determined in an absolute sense and/or in comparison to the analogous performance criteria of other publicly-traded companies (that are selected for such comparison purposes by the Committee).

6.3 **Verification That Company Performance Goals Are Met**. In order for any amount to become payable under the Plan when such amount is attributable to an award part of an award granted under the Plan that required the meeting of any Company performance goals, the Committee shall and must verify that such Company performance goals have been met by the latest date by which such amount must be paid under the other provisions of the Plan.

6.4 **Award Parts That Require Company Performance Goals To Be Met Intended To Constitute Performance-Based Compensation**. To the extent any amount that becomes payable under an award granted under the Plan is attributable to an award part of such award that required that certain Company performance goals had to be determined to be met, such amount is intended to constitute "performance-based compensation," within the meaning of Treasury Regulations Section 1.162-27(c) as issued under Code Section 162(m), and thereby, provided all other conditions of Code Section 162(m)(4)(C) are satisfied, to be able to be deductible by the Company for Federal income tax purposes without regard to the deduction limits of Section 162(m)(1) of the Code.

7. **Individual Performance Goals**. To the extent the meeting of "individual performance goals" may be a condition to an amount being determined with respect to an award part of an award granted under the Plan to a Participant, the Committee may base such individual performance goals on any criteria it determines is appropriate for judging the performance of the Participant in fulfilling his or her duties for the Company. Such individual performance goals may be set at any time by the Committee, including after the end of the Award Year applicable to the award, and can be criteria that is either objectively or subjectively determinable by the Committee. When the applicable award is issued to the CEO, the Board shall have final approval as to the determination of whether the CEO has met any such individual performance goals.

8. **Beneficiary Rules**.

8.1 **Payment to Beneficiary**. Notwithstanding any of the foregoing provisions of the Plan, if a Participant is entitled to receive a payment under any award granted to him or her under the Plan by reason of the foregoing provisions of the Plan, but he or she dies before such payment is made to him or her, then such payment shall be made to the Participant's beneficiary (as determined under the provisions of subsection 8.2 hereof) at the same time as such payment would be made if the Participant had not died. No beneficiary of a Participant shall be entitled to any amount under the Plan that is greater than the amount to which the Participant is entitled under the foregoing provisions of the Plan.

8.2 **Beneficiary Designation**. For purposes of the Plan, a Participant's "beneficiary" shall mean the person(s), trust(s), and/or other entity(ies) whom or which the Participant designates as his or her beneficiary for the purposes of the Plan in any writing or form which is signed by the Participant and acceptable to the Committee, provided that such writing or form is filed with the Committee prior to the Participant's death. The determination of a Participant's beneficiary under the Plan shall also be subject to the following paragraphs of this subsection 8.2.

(a) If the Participant names more than one person, trust, and/or other entity as part of his or her beneficiary with respect to the Plan, each person, trust, and other entity designated as part of the Participant's beneficiary shall be entitled to an equal share of any amount payable to the Participant's beneficiary under any award granted under the Plan (unless the Participant otherwise designates in the writing or form by which he or she names his or her beneficiary for purposes of the Plan).

(b) The Participant may revoke or change his or her beneficiary designation by signing and filing with the Committee at any time prior to his or her death a new writing or form acceptable to the Committee.

(c) Notwithstanding the foregoing provisions of this subsection 8.2, if no beneficiary designation of the Participant has been filed with the Committee prior to his or her death, or if the Committee in good faith determines either that any beneficiary designation made by the Participant prior to his or her death is for any reason not valid or enforceable under applicable law or that there is a valid question as to the legal right of the designated beneficiary to receive the applicable payment, then the applicable payment shall be paid to the estate of the Participant (in which case none of the Company, the Committee, or any of their personnel, agents, or representatives shall have any further liability to anyone with respect to such payment).

9. **Nonassignability of Awards**. Except as may be required by applicable law, no award granted under the Plan or any part thereof may be assigned, transferred, pledged, or otherwise encumbered by a Participant otherwise than by designation of a beneficiary under the provisions of section 8 hereof.

10. **Provisions Upon Change in Control**.

10.1 **Effect of Change in Control on Awards**. In the event a Change in Control occurs on or after the Effective Date, then, unless otherwise prescribed by the Committee in the terms of an applicable award, the following paragraphs of this subsection 10.1 shall apply notwithstanding any other provision of the Plan to the contrary.

(a) The amount payable under any award that was granted under the Plan with respect to the CBI Tax Year that immediately precedes the CBI Tax Year in which the Change in Control occurs shall, if such amount has not yet been paid (or if such amount has not been determined) by the date of the Change in Control, be paid within five business days after the date of such Change in Control (and, if the amount of such award has not yet been determined by the date of the Change in Control, its amount shall be deemed to be equal to the award's Target).

(b) A pro rata portion of any award granted under the Plan with respect to the CBI Tax Year in which the Change in Control occurs shall be paid within five business days after the date of the Change in Control, with the pro rata portion of such award being deemed to be equal to such award's Target multiplied by a fraction, the numerator of which shall equal the number of full and partial months (including the month in which the Change in Control occurs) since the first day of the CBI Tax Year in which the Change in Control occurs and the denominator of which shall equal the number of months in such CBI Tax Year.

10.2 **Definition of Change in Control**. For purposes of the Plan, a "Change in Control" means the occurrence of any one of the events described in the following paragraphs of this subsection 10.2.

(a) A majority of the Board as of any date not being composed of Incumbent Directors. For purposes of this subsection 10.2, as of any date, the term "Incumbent Director" means any individual who is a director of CBI as of such date and either: (i) who was a director of CBI at the beginning of the 24 consecutive month period ending on such date; or (ii) who became a CBI director subsequent to the beginning of such 24 consecutive month period and whose appointment, election, or nomination for election was approved by a vote of at least two-thirds of the CBI directors who were, as of the date of such vote, Incumbent Directors (either by a specific vote or by approval of the proxy statement of CBI in which such person is named as a nominee for director). It is provided, however, that no individual initially appointed, elected, or nominated as a director of CBI as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall ever be deemed to be an Incumbent Director.

(b) Any "person," as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act, being or becoming "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of CBI representing 20% or more of the combined voting power of CBI's then outstanding

securities eligible to vote for the election of the Board (for purposes of this subsection 10.2, the "CBI Voting Securities"). It is provided, however, that the event described in this paragraph (b) shall not be deemed to be a Change in Control if such event results from any of the following: (i) the acquisition of any CBI Voting Securities by the Company, (ii) the acquisition of any CBI Voting Securities by any employee benefit plan (or related trust) sponsored or maintained by the Company, (iii) the acquisition of any CBI Voting Securities by any underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a Non-Qualifying Transaction (as defined in paragraph (c) of this subsection 10.2).

(c) The consummation of a merger, consolidation, statutory share exchange, or similar form of corporate transaction involving the Company (for purposes of this paragraph (c), a "Reorganization") or sale or other disposition of all or substantially all of the assets of CBI to an entity that is not an affiliate of CBI (for purposes of this paragraph (c), a "Sale"), that in each case requires the approval of CBI's shareholders under the law of CBI's jurisdiction of organization, whether for such Reorganization or Sale (or the issuance of securities of CBI in such Reorganization or Sale), unless immediately following such Reorganization or Sale:

(1) more than 60% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of (i) the entity resulting from such Reorganization or the entity which has acquired all or substantially all of the assets of CBI (for purposes of this paragraph (c) and in either case, the "Surviving Entity"), or (ii) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of more than 50% of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the Surviving Entity (for purposes of this paragraph (c), the "Parent Entity"), is represented by CBI Voting Securities that were outstanding immediately prior to such Reorganization or Sale (or, if applicable, is represented by shares into which such CBI Voting Securities were converted pursuant to such Reorganization or Sale), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such CBI Voting Securities among the holders thereof immediately prior to the Reorganization or Sale;

(2) no person (other than any employee benefit plan sponsored or maintained by the Surviving Entity or the Parent Entity or the related trust of any such plan) is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power (in respect of the election of directors, or similar officials in the case of an entity other than a corporation) of the outstanding voting securities of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity); and

(3) at least a majority of the members of the board of directors (or similar officials in the case of an entity other than a corporation) of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) following the consummation of the Reorganization or Sale were, at the time of the approval by the Board of the execution of the initial agreement providing for such Reorganization or Sale, Incumbent Directors (any Reorganization or Sale which satisfies all of the criteria specified in subparagraphs (1), (2), and (3) of this paragraph (c) being deemed to be a "Non-Qualifying Transaction" for purposes of this subsection 10.2).

(d) The shareholders of CBI approving a plan of complete liquidation or dissolution of CBI.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 20% of the CBI Voting Securities as a result of the acquisition of CBI Voting Securities by CBI which reduces the number of CBI Voting Securities outstanding; provided that, if after such acquisition by CBI such person becomes the beneficial owner of additional CBI Voting Securities that increases the percentage of outstanding CBI Voting Securities beneficially owned by such person, a Change in Control shall then occur.

11. **Adjustments**. The Committee shall be authorized to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any award granted under the Plan in the manner and to the extent it shall determine is needed to reflect the intended provisions of the Plan or that award or to meet any law that is applicable to the Plan.

12. **Withholding**. The Company shall retain from the payment of any award granted under the Plan a sufficient amount of cash applicable to the award to satisfy all withholding tax obligations that apply to the payment.

13. **Amendment or Termination of Plan**.

13.1 **Right of Board To Amend or Terminate Plan**. Subject to the provisions of subsection 1.3(b) hereof but notwithstanding any other provision hereof to the contrary, the Board may amend or terminate the Plan or any portion or provision thereof at any time, provided that no such action shall materially impair the rights of a Participant with respect to a previously granted Plan award without the Participant's consent. Notwithstanding the foregoing, the Board may not in any event, without the approval of CBI's shareholders, adopt an amendment to the Plan which shall make any change in the Plan that is required by applicable law to be approved by CBI's shareholders in order to be effective.

13.2 **Rules When Shareholder Approval for Amendment Is Required**. If approval of CBI's shareholders is required to a Plan amendment pursuant to the provisions of subsection 13.1 hereof, then such approval must comply with all applicable provisions of CBI's corporate charter, bylaws and regulations and any applicable state law. If the applicable state law fails to prescribe a method and degree in such cases, then such approval must be made by a method and degree that would be treated as adequate under applicable state law in the case of an action requiring shareholder approval of an amendment to the Plan.

14. **Miscellaneous**.

14.1 **Deferrals of Award Payments**. The Committee may, in its discretion and if performed in accordance with the terms and conditions of an award granted under the Plan or of any plan maintained by CBI, permit Participants to elect to defer the payment otherwise required under all or part of any award granted under the Plan. Such deferral shall not be permitted by the Committee unless such deferral terms and conditions meet all of the conditions of Section 409A of the Code.

14.2 **No Right To Employment**. Nothing contained in the Plan or any award granted under the Plan shall confer on any Participant any right to be continued in the employment of the Company or interfere in any way with the right of the Company to terminate the Participant's employment at any time and in the same manner as though the Plan and any awards granted under the Plan were not in effect.

14.3 **No Advance Funding of Plan Benefits**. All payments required to be made under awards granted under the Plan shall be made by the Company out of its general assets. In this regard, the Plan shall not be funded and the Company shall not be required to segregate any assets to reflect any awards granted under the Plan. Any liability of the Company to any person with respect to any award granted under the Plan shall be based solely upon the contractual obligations that apply to such award, and no such liability shall be deemed to be secured by any pledge of or other lien or encumbrance on any property of the Company.

14.4 **Plan Benefits Generally Not Part of Compensation for Other Company Benefit Plans**. Any payments or other benefits provided to a Participant with respect to an award granted under the Plan shall not be deemed a part of the Participant's compensation for purposes of any termination or severance pay plan, or any other pension, profit sharing, or other benefit plan, of the Company unless such plan expressly or clearly indicates that the payments or other benefits provided under an award granted under the Plan shall be considered part of the Participant's compensation for purposes of such plan or unless applicable law otherwise requires.

14.5 **Applicable Law**. Except to the extent preempted by any applicable Federal law, the Plan shall be subject to and construed in accordance with the laws of the State of Ohio.

14.6 **Counterparts and Headings**. The Plan may be executed in any number of counterparts, each of which shall be deemed an original. The counterparts shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

☐ **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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares (par value $0.01 per share)	New York Stock Exchange
6¾% Convertible Preferred Shares	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 ☒

The aggregate market value of the voting common shares owned by non-affiliates of the registrant was $0.8 billion, computed by reference to the closing sale price of the common stock on the New York Stock Exchange on June 30, 2015, the last trading day of the registrant's most recently completed second fiscal quarter. The Company has no non-voting common shares.

At January 31, 2016, there were 210,018,611 common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to the Company's 2016 Annual Meeting of Shareholders are incorporated by reference into Part III of this report to the extent described herein.

TABLE OF CONTENTS

PART I

		Page
Item 1.	Business	3
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	21
Item 2.	Properties	22
Item 3.	Legal Proceedings	22
Item 4.	Mine Safety Disclosures	22

PART II

Item 5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	23
Item 6.	Selected Financial Data	25
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A.	Quantitative and Qualitative Disclosure About Market Risk	55
Item 8.	Financial Statements and Supplementary Data	57
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	120
Item 9A.	Controls and Procedures	120
Item 9B.	Other Information	120

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	121
Item 11.	Executive Compensation	122
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	122
Item 13.	Certain Relationships and Related Transactions, and Director Independence	122
Item 14.	Principal Accountant Fees and Services	122

PART IV

Item 15.	Exhibits and Financial Statement Schedules	123
	Signatures	131

This report contains trademarks, service marks and registered marks of Cincinnati Bell Inc., as indicated.

Part I

Item 1. Business

Overview and Strategy

Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell", "we", "our", "us" or the "Company") provides integrated communications and IT solutions that keep residential and business customers connected with each other and with the world. Through its Entertainment and Communications segment (formerly "Wireline"), the company provides high speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. In addition, business customers across the United States rely on Cincinnati Bell Technology Solutions Inc. ("CBTS"), a wholly-owned subsidiary reported as the IT Services and Hardware segment, for the sale and service of efficient, end-to-end communications and IT systems and solutions. Cincinnati Bell also owns approximately 9.5% of CyrusOne Inc. (NASDAQ: CONE) ("CyrusOne"), which specializes in operating highly reliable enterprise-class, carrier-neutral data center properties.

Our goal is to continue the transformation of Cincinnati Bell from a legacy copper-based telecommunications company into a technology company with state of the art fiber assets servicing customers with data, video, voice and IT solutions to meet their evolving needs. To this end, leveraging our past and future investments creates a company with a healthy balance sheet, growing revenue, growing profitability and sustainable cash flows.

In an effort to achieve our objectives, we continue to focus on the following key initiatives:

- expand our local fiber network
- grow our IT Services and Hardware segment
- monetize our CyrusOne investment to reduce leverage

Expand our local fiber network

We invested $223.9 million of capital in our Entertainment and Communications' strategic products during 2015. Revenue from these high demand products totaled $365.7 million, up 18% over the prior year, and more than offset the decline in our legacy products. The primary focus of our strategic investments is the expansion of our Fioptics suite of products which is designed to compete directly with the cable Multiple System Operators (MSO) serving the Company's ILEC market area. We invested $179.5 million in 2015 for Fioptics as demand for the products remains strong. Year-over-year growth is outlined in the table below:

	2015	2014	2013
Fioptics revenue (in millions):	$190.8	$142.4	$100.8
Fioptics subscribers (in thousands):			
High-speed internet	153.7	113.7	79.9
Video	114.4	91.4	74.2
Voice	77.4	61.0	53.3

During the year we passed an additional 97,000 addresses with Fioptics and as of December 31, 2015, the product is available to approximately 432,000 customer locations, or 53% of Greater Cincinnati. Our goal for 2016 is to pass an additional 70,000 addresses.

Included in capital for strategic products is $44.4 million of investment in fiber and IP-based core network technology to meet increased business and carrier demand primarily within our ILEC geography and in contiguous markets in the Midwest region for high-bandwidth data transport products, such as metro-ethernet and VoIP. We continue to evolve and optimize network assets to support the migration of legacy products to new technology and as of December 31, 2015, the Company has:

- connected approximately 7,500 commercial buildings with fiber-based services (also referred to as a lit building), including more than 630 multi-tenant units ("MTU's") lit with fiber;
- expanded the fiber network to span more than 8,100 route miles;

- captured significant small to medium business (“SMB”) market share; and
- provided cell site back-haul services to more than 70% of the 1,100 cell sites in-market, of which approximately 500 are lit with fiber.

As a result of our strategic investments, we generated year-over-year Entertainment and Communications revenue growth for the second consecutive year, a key milestone in our transformational efforts. Customer demand for faster data speed and broadband usage is accelerating. We believe our fiber investments are a long-term solution for our customers bandwidth needs.

Grow our IT Services and Hardware Segment

Cincinnati Bell continues to develop high-demand products for business customers through our investments in fiber and other success-based technology, such as unified communications and cloud services. Our ability to migrate customers from legacy copper-based products to higher speed fiber-based offerings while being innovative as the technology demands of our customers change is important to the growth of our IT Services and Hardware segment. During 2015, the IT Services and Hardware Segment generated 29% revenue growth across all of our strategic products. Professional services increased 29% and Managed and Monitoring services generated year-over year revenue growth of 25%. Unified Communications revenue was up 18% in 2015 and Cloud Services increased 49% over 2014. Our goal is to foster our current enterprise relationships while increasing our number of small to mid-size customers both in and outside the Cincinnati market. As a company with a long history of managing customer network and technology needs, we combine the management of the network, whether owned by Cincinnati Bell or leased from other carriers out of territory, with integrated voice and IT offerings. We supply the architecture and integration intelligence, labor and hardware, as well as any combination of these services. These projects can be established based on hourly billing rates, service-level driven agreements or utility-based usage models. Customers are attracted to our ability to combine our historic knowledge, unique assets and talented workforce.

Monetize our CyrusOne investment to reduce our leverage

As of December 31, 2015, we own 9.5% of CyrusOne, which is held in the form of 6.9 million shares of CyrusOne common shares. The fair value of this investment was $257.9 million based on the quoted market price of CyrusOne’s common stock at December 31, 2015. In determining the appropriate time to further monetize our CyrusOne investment, we will give due consideration to, among other factors: CyrusOne’s stock price, market performance of other real estate investment trusts (“REIT”) and overall market indicators. We will balance our objectives of reducing the risk associated with owning any equity security with the upside appreciation potential for our investment in CyrusOne.

Operations

As of December 31, 2015, the Company operated two segments: Entertainment and Communications and IT Services and Hardware. We generally classify our products and services into three distinct categories: Strategic, Legacy and Integration. The table below demonstrates how our products are categorized within the Entertainment and Communications and IT Services and Hardware segments:

Entertainment and Communications

	Strategic	Legacy	Integration
Data	Fioptics Internet DSL *(1)* (> 10 meg) Ethernet Private Line MPLS *(2)* SONET *(3)* Dedicated Internet Access Wavelength Audio Conferencing	DSL (< 10 meg) DS0 *(5)*, DS1, DS3 TDM *(6)*	
Voice	Fioptics Voice VoIP *(4)*	Traditional Voice Long Distance Switched Access Digital Trunking	
Video	Fioptics Video		
Services and Other	Wiring Projects	Advertising Directory Assistance	Maintenance Information Services Wireless Handsets and Accessories

(1) Digital Subscriber Line
(2) Multi-Protocol Label Switching
(3) Synchronous Optical Network
(4) Voice over Internet Protocol
(5) Digital Signal
(6) Time Division Multiplexing

IT Services and Hardware

	Strategic	Integration
Professional Services	Consulting Staff Augmentation	Installation
Unified Communications	Voice Monitoring Managed IP Telephony Solutions	Maintenance
Cloud Services	Virtual Data Centers Storage Backup	
Monitoring and Management	Network Monitoring/Management Security	
Telecom & IT Hardware		Hardware Software Licenses

Entertainment and Communications

The Entertainment and Communications segment provides products and services such as high-speed internet, data transport local voice, long distance, VoIP, video and other services. Cincinnati Bell Telephone Company LLC ("CBT"), a subsidiary of the Company, is the Incumbent Local Exchange Carrier ("ILEC") for a geography that covers a radius of approximately 25 miles around Cincinnati, Ohio, and includes parts of northern Kentucky and southeastern Indiana. CBT has operated in this territory for over 140 years. The segment also provides voice and data services beyond its ILEC territory, particularly in Dayton and Mason, Ohio, through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a competitive local exchange carrier ("CLEC") and subsidiary of CBT. The Entertainment and Communications segment provides long distance and VoIP services primarily through its Cincinnati Bell Any Distance Inc. ("CBAD") and eVolve Business Solutions LLC ("eVolve") subsidiaries. The key products and services provided by the Entertainment and Communications segment include the following:

Data

The Company's data products include high-speed internet access, data transport and interconnection services. Consumer demand for increased internet speeds is accelerating and more customers are opting for higher bandwidth solutions such as Fioptics. To address this demand, we are able to provide internet speeds of 10 megabits or more to approximately 550,000 addresses, more than 65% of our operating territory, with the coverage increasing as we expand our fiber network.

As business customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the access method of choice due to its ability to support multiple applications on a single physical connection. The Company continues to build out fiber to MTU's in Greater Cincinnati to meet growing demand for these services. We are also expanding our metro-ethernet platform to deliver services across a wider geography to target business customers beyond our ILEC footprint. The Company's regional network connects Greater Cincinnati, Columbus, and Dayton, Ohio, as well as Indianapolis, Indiana; Chicago, Illinois; and Louisville, Kentucky.

Voice

Voice represents local service, including Fioptics voice lines. It also includes VoIP, long distance, digital trunking, switched access and other value-added services such as caller identification, voicemail, call waiting and call return.

The Company's voice access lines continue to decrease as our customers have increasingly employed wireless technologies in lieu of wireline voice services ("wireless substitution") or migrated to competitors.

Residential and business customers purchasing traditional long distance service can choose from a variety of long distance plans, which include unlimited long distance for a flat fee, purchase of minutes at a per-minute-of-use rate, or a fixed number of minutes for a flat fee. The Company's long distance lines and related minutes of use have continued to decline as a result of wireless substitution and the migration to VoIP technology. Our VoIP products provide access to widely disbursed communication platforms and access to our cloud based services and hosted unified communications product for customers ranging from small businesses to large enterprise customers.

Video

In 2009, the Company launched Fioptics and focused our fiber network investment on densely populated areas, such as apartments and condominiums. Fioptics is available to approximately 53% of Greater Cincinnati and as of December 31, 2015, we have 114,400 video subscribers. Our Fioptics customers enjoy access to over 400 entertainment channels, including digital music, local, movie, and sports programming, as well as Indian and Spanish-language packages, over 120 high-definition channels, parental controls, HD DVR and video On-Demand. In addition, we offer features that deliver high customer satisfaction, including Fioptics TV Everywhere™ and a Fioptics live TV streaming application.

Services and Other Revenue

Services and other revenue consists of revenue generated from wiring projects for business customers, advertising, directory assistance, maintenance, information services and commissions received as an authorized sales agent for DirecTV® and Verizon Wireless.

IT Services and Hardware

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

The key products and services provided by the IT Services and Hardware segment include the following:

Professional Services

The Company's professional services offerings consist of consulting, staffing, installation and project-based engagements, including engineering and installation of voice, connectivity and IT technologies, development of application solutions and staff augmentation by highly skilled and industry-certified technical resources. Engagements can be short-term IT implementation and project-based work as well as longer term staffing and permanent placement assignments. The Company utilizes a team of experienced recruiting and hiring personnel to provide its customers with a wide range of skilled IT professionals. Additionally, we also manage the maintenance of a large base of local customers with traditional voice systems as well as converged VoIP systems.

Unified Communications

CBTS offers a complete portfolio of hosted solutions that include converged IP communications platforms of data, voice, video and mobility applications. We offer our customers expert management for all hardware and software components, including maintenance contracts and service level agreement ("SLA") based services. Fully hosted and managed, these voice platforms and applications can also be delivered as cloud services for a monthly utility fee.

The solutions offered include communications as a service model in a cloud environment. We provide hosted communications and solutions that deliver the efficiencies of next-generation VoIP services. Our conferencing solutions offer cloud-based audio, video, and web conferencing services accessible from any connected device. Our cloud call center application offering features speech-enabled IVR, call-back services, call analytics and surveys. The cloud call recording application features speech analytics, alerts and notification, and improved customer satisfaction and productivity.

Cloud Services

Virtual data center ("VDC") is a robust and scalable virtual infrastructure consisting of equipment, security, people and processes. This offering is provided in three different models: private cloud, dedicated cloud or public cloud; and provides customers with either a long term or a short term flexible solution that is fully managed by CBTS and monitored around the clock from our network operations center.

CBTS storage is a flexible, on-demand storage solution that enables businesses to eliminate capital expenditures and ongoing asset management with SLA-based services. CBTS offers Tier I, Tier II and Tier III storage to meet its customers availability, accessibility, protection, performance and capacity needs.

CBTS backup is a scalable solution that allows businesses to eliminate capital outlay and ongoing equipment management with SLA-based services and includes virtual data center, hardware, software, monitoring and support.

Management & Monitoring

CBTS provides SLA-based managed services utilizing our Enterprise Network Operations Center ("ENOC"). The ENOC includes highly certified engineers and operation experts that proactively monitor and manage our customers' technology environments and applications. Standalone monitoring services provide customers with scheduled and automatic checks of customers' servers, routers, switches, load balancers and firewalls. We also provide customers with advance trouble shooting, repair and changes of customers' servers, routers, switches, load balancers and other network devices from our ENOC. These services can be provided to customers with CBTS provided equipment or customer-owned equipment and do not have geographical constraints. Services can be purchased individually or bundled by combining multiple products, services, and assets into a utility or service model.

Telecom and IT Hardware

The Company maintains premium resale relationships and certifications with a variety of branded technology vendors which allows it to competitively sell, architect and install a wide array of telecommunications and IT infrastructure equipment to meet the needs of its customers.

Investment in CyrusOne

Cincinnati Bell owns approximately 9.5% of CyrusOne (NASDAQ: CONE), through its ownership of 6.9 million shares of CyrusOne's common shares. At December 31, 2015, the fair value of this investment was $257.9 million based on the quoted market price of CyrusOne's common stock.

Sales and Distribution Channels

The Company's Entertainment and Communications segment utilizes a number of distribution channels to acquire customers. Subsequent to the agreement to sell our wireless spectrum licenses, we rebranded our retail stores to market and distribute our Fioptics suite of products. As of December 31, 2015, the Company operated eight retail stores in its operating territory. The Company works to locate retail stores in high traffic but affordable areas, with a distance between each store that considers optimal returns per store and customer convenience. The Company also offers fully-automated, end-to-end web-based sales of various other Company services and accessories. In addition, the Company utilizes a call center as well as a door-to-door sales force to target the sale of Fioptics to residents.

For both Entertainment and Communications and IT Services and Hardware, we utilize a business-to-business sales force and a call center organization to reach business customers in our operating territory. Larger business customers are supported by sales account representatives that understand the customer's technology needs and recommend Company offered solutions. Smaller business customers are supported through a telemarketing sales force, customer representatives and store locations.

Suppliers and Product Supply Chain

The Company generally subjects purchases to competitive bids and selects its vendors based on price, service level, delivery, quality of product and terms and conditions.

Entertainment and Communication's primary purchases are for network equipment, software, and fiber cable to maintain and support the growth of Fioptics. The Company maintains facilities and operations for storing cable and other equipment, product distribution and customer fulfillment.

IT Services and Hardware primarily purchases IT and telephony equipment that is either sold to a customer or used to provide service to the customer. The Company is a certified distributor of Cisco, EMC, Avaya and Oracle equipment. Most of this equipment is shipped directly to the customer from vendor locations but the Company does maintain warehouse facilities for replacement parts and equipment testing and staging.

In addition, we have long-term commitments to outsource various services, such as certain information technology functions, cash remittance and accounts payable functions, call center operations and maintenance services.

Competition

The telecommunications industry is very competitive and the Company competes against larger, well-capitalized national providers.

The Entertainment and Communications segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, as well as cable, broadband, and internet service providers. The Company has lost, and will likely continue to lose, access lines as a part of its customer base utilizes the services of competitive wireline or wireless providers in lieu of the Company's services. Wireless providers, particularly those that provide unlimited wireless service plans with no additional fees for long distance, offer customers a substitution service for the Company's local voice and long-distance services. The Company believes wireless substitution is the reason for the largest portion of the Company's access line and long-distance line losses.

Our strategic products also face intense competition from cable operators, other telecom companies and niche fiber companies. Many of our competitors have lower operating costs and access to resources that provide economies of scale allowing them to more aggressively price products which they are able to provide on a much broader scale given their expanded geographic operations. Our competitors are expected to continuously upgrade their service quality and offerings which could substantially erode the competitive advantage we currently have with our fiber-based products. These competitive factors could limit the Company's ability to grow revenue and cash flows despite the strategic initiatives implemented.

The Fioptics suite of products also face competition from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices. Increased customer migration to these non-traditional entertainment products could result in increased Fioptics churn and decreased penetration.

The IT Services and Hardware segment competes against numerous other information technology consulting, web-hosting, and computer system integration companies, many of which are larger in scope and well-financed. The Company believes that participants in this market must grow rapidly and achieve significant scale to compete effectively. Other competitors may consolidate with larger companies or acquire software application vendors or technology providers, enabling them to more effectively compete. This consolidation could affect prices and other competitive factors in ways that could impede the ability of these businesses to compete successfully in the market.

Customers

The following table demonstrates how the Company's revenue portfolio has changed over the past three years.

Percentage of revenue	2015	2014	2013	2015 vs 2014 Change	2014 vs 2013 Change
Strategic	46%	38%	35%	8 pts	3 pts
Legacy	31%	35%	43%	(4)	(8)
Integration	23%	27%	22%	(4)	5
Total	100%	100%	100%		

Percentage of revenue	2015	2014	2013	2015 vs 2014 Change	2014 vs 2013 Change
Consumer	29%	27%	28%	2 pts	(1)pt
Business	61%	62%	60%	(1)	2
Carrier	10%	11%	12%	(1)	(1)
Total	100%	100%	100%		

The Company has sales with one large customer, General Electric Company. (“GE”), that contributed 12% and 14% of the Company’s 2015 and 2014 annual revenue, respectively.

Employees

At December 31, 2015, the Company had approximately 3,250 employees, and approximately 30% of its employees are covered under a collective bargaining agreement with the Communications Workers of America (“CWA”), which is affiliated with the AFL-CIO. A new contract with the CWA was ratified on February 27, 2015 and will be in effect through May 12, 2018.

Website Access and Other Information

The Company was incorporated under the laws of Ohio in 1983 with its headquarters at 221 East Fourth Street, Cincinnati, Ohio 45202 (telephone number (513) 397-9900 and website address http://www.cincinnatibell.com). The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”) under the Exchange Act of 1934 (the “Exchange Act”). These reports and other information filed by the Company may be read and copied at the Public Reference Room of the SEC, 100 F Street N.E., Washington D.C., 20549. Information about the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy statements, and other information about issuers, like the Company, which file electronically with the SEC. The address of that site is http://www.sec.gov. The Company makes available its reports on Form 10-K, 10-Q, and 8-K (as well as all amendments to these reports), proxy statements and other information, free of charge, at the Investor Relations section of its website.

Executive Officers

Refer to Part III, Item 10. “Directors, Executive Officers and Corporate Governance” of this Annual Report on Form 10-K for information regarding executive officers of the registrant.

Business Segment Information

The amounts of revenue, intersegment revenue, operating income, expenditures for long-lived assets, and depreciation and amortization attributable to each of the Company’s business segments for the years ended December 31, 2015, 2014, and 2013, and assets as of December 31, 2015 and 2014 are set forth in Note 16 to the consolidated financial statements.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating us. Our business, financial condition, liquidity or results of operations could be materially affected by any of these risks.

Risk Factors Related to our Business and Operations

The Company operates in highly competitive industries, and customers may not continue to purchase products or services, which would result in reduced revenue and loss of market share.

The telecommunications industry is very competitive and the Company competes against larger, well-capitalized national providers. Competitors may reduce pricing, create new bundled offerings, or develop new technologies, products or services. If the Company cannot continue to offer reliable, competitively priced, value-added services, or if the Company does not keep pace with technological advances, competitive forces could adversely affect it through a loss of market share or a decrease in revenue and profit margins. The Company has lost, and will likely continue to lose, access lines as a part of its customer base utilizes the services of competitors.

The Entertainment and Communications segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, and cable, broadband and internet service providers. Wireless providers, particularly those that provide unlimited wireless service plans with no additional fees for long distance, offer customers a substitution service for the Company's access lines and long distance lines. The Company believes wireless substitution accounts for the largest portion of its access line losses. Also, cable competitors that have existing service relationships with CBT's customers also offer substitution services, such as VoIP and long distance voice services in the Company's operating areas. Partially as a result of wireless substitution and increased competition, CBT's legacy voice lines decreased by 14% and long distance subscribers decreased by 6% in 2015 compared to 2014.

Our strategic products also face intense competition from cable operators, other telecom companies and niche fiber companies. Many of our competitors have lower operating costs and access to resources that provide economies of scale allowing them to more aggressively price products, which they are able to provide on a much broader scale given their expanded geographic operations. Our competitors are expected to continuously upgrade their service quality and offerings, which could substantially erode the competitive advantage we currently have with our fiber-based products. These competitive factors could limit the Company's ability to grow revenue and cash flows despite the strategic initiatives implemented.

The Fioptics suite of products also faces competition from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices. Increased customer migration to these non-traditional entertainment products could result in increased Fioptics churn and decreased penetration. If the Company is unable to effectively implement strategies to attract and retain Fioptics video and high-speed internet subscribers, retain access lines and long distance subscribers, or replace such customers with other sources of revenue, the Company's Entertainment and Communications business will be adversely affected.

The IT Services and Hardware segment competes against numerous other information technology consulting, web-hosting, and computer system integration companies, many of which are large in scope and well-financed. This market is rapidly evolving and highly competitive. Other competitors may consolidate with larger companies or acquire software application vendors or technology providers, which may provide competitive advantages. The Company believes that many of the participants in this market must grow rapidly and achieve significant scale to compete effectively. This consolidation could affect prices and other competitive factors in ways that could impede our ability to compete successfully in the market.

The competitive forces described above could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

Accelerating the pace of investment in our Fioptics suite of products could have a negative impact on our financial results.

In 2014, we began accelerating the pace of investment in our Fioptics suite of products due to a progressive change in customer expectations for increased internet speeds. We intend to continue such accelerated investments through 2016. There are several factors that could result in a negative effect on our revenue, operating income and cash flows, such as:

- our costs could significantly exceed expectations;
- the acceleration may not generate the expected increase in subscribers;
- it may be inefficient to build out the additional fiber at an accelerated rate;
- there may be a lack of workforce to achieve our construction, sales and installation targets; and
- access to the fiber required for our construction plans may be limited.

The Company may be unable to grow our revenues and cash flows despite the initiatives we have implemented.

We must produce adequate revenues and cash flows that, when combined with cash on hand and funds available under our revolving credit facilities, will be sufficient to service our debt, fund our capital expenditures, pay our taxes, fund our pension and other employee benefit obligations and pay preferred dividends pursuant to our dividend policy. We have identified some potential areas of opportunity and implemented several growth initiatives, including increasing marketing promotions and related expenditures and launching new products and services with a focus on areas that are growing such as Fioptics, other fiber-based service offerings and IT solutions. We cannot be assured that these opportunities will be successful or that these initiatives will improve our financial position or our results of operations.

Failure to anticipate the need for and introduce new products and services or to compete with new technologies may compromise the Company's success in the telecommunications industry.

The Company's success depends, in part, on being able to anticipate the needs of current and future business, carrier and residential customers. The Company seeks to meet these needs through new product introductions, service quality and technological improvements. New products and services are important to the Company's success because its industry is technologically driven, such that new technologies can offer alternatives to the Company's existing services. The development of new technologies and products could accelerate the Company's loss of access lines or limit the growth from its strategic products, which would have a material adverse effect on the Company's revenue, results of operations, financial condition and cash flows.

The Company's access lines, which generate a significant portion of its cash flows and profits, are decreasing in number. If the Company continues to experience access line losses similar to the past several years, its revenues, earnings and cash flows from operations may be adversely impacted.

The Company generates a substantial portion of its revenues by delivering voice and data services over access lines. The Company's local telecommunications subsidiary, CBT, has experienced substantial access line losses over the past several years due to a number of factors, including wireless and broadband substitution and increased competition. The Company expects access line losses to continue into the foreseeable future. Failure to retain access lines without replacing such losses with an alternative source of revenue would adversely impact the Company's revenues, earnings and cash flow from operations.

Some of our strategic products generate lower profit margins than our traditional services, and some can be expected to experience slowing growth as increasing numbers of our existing or potential customers subscribe to these newer products. Moreover, we cannot provide assurance that the revenues generated from our new offerings will offset revenue losses from the reduced sales of our legacy products or that our new strategic offerings will be as successful as anticipated.

The Company's failure to meet performance standards under its agreements could result in customers terminating their relationships with the Company or customers being entitled to receive financial compensation, which would lead to reduced revenues and/or increased costs.

The Company's agreements with its customers contain various requirements regarding performance and levels of service. If the Company fails to provide the levels of service or performance required by its agreements, customers may be able to receive service credits to their accounts and other financial compensation, and also may be able to terminate their relationship with the Company. In order to provide these levels of services, the Company is required to protect against human error, natural disasters, equipment failure, power failure, sabotage and vandalism, and have disaster recovery plans available for disruption of services. The failure to address these or other events may result in a disruption of services. In addition, any inability to meet service level commitments or other performance standards could reduce the confidence of customers and could consequently impair the Company's ability to attract and retain customers, which would adversely affect the Company's ability to generate revenues and operating results.

The Company generates a substantial portion of its revenue by serving a limited geographic area.

The Company generates a substantial portion of its revenue by serving customers in Greater Cincinnati and Dayton, Ohio. An economic downturn or natural disaster occurring in this limited operating territory would have a disproportionate effect on the Company's 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.

A large customer accounts for a significant portion of the Company's revenues and accounts receivable. The loss or significant reduction in business from this customer would cause operating revenues to decline significantly and have a materially adverse long-term impact on the Company's business.

As of December 31, 2015 and 2014, the Company had receivables from GE that account for up 22% and 26% of the outstanding accounts receivable balance, respectively. GE contributed 12% and 14% to consolidated revenue for the years ended 2015 and 2014, respectively. As a result of this concentration, the Company's results of operations and financial condition could be materially affected if the Company lost this customer or if services purchased were significantly reduced. If GE were to default on its accounts receivable obligations, the Company would be exposed to potentially significant losses in excess of the provisions established. This would also negatively impact the available borrowing capacity under the accounts receivable securitization facility ("Receivables Facility").

Maintaining the Company's telecommunications networks requires significant capital expenditures, and its inability or failure to maintain its telecommunications networks would have a material impact on its market share and ability to generate revenue.

Over the past several years, the Company has improved its wireline network through increased capital expenditures for fiber optic cable in areas of its operating network. The Company is accelerating the pace of investment in its Fioptics suite of services and intends to continue its capital expenditures for fiber optic cable through 2016.

In order to provide appropriate levels of service to the Company's customers, the network infrastructure must be protected against damage from human error, natural disasters, unexpected equipment failure, power loss or telecommunications failures, terrorism, sabotage or other intentional acts of vandalism. The Company's networks may not address all of the problems that may be encountered in the event of a disaster or other unanticipated problems, which may result in disruption of service to customers.

The Company may also incur significant additional capital expenditures as a result of unanticipated developments, regulatory changes and other events that impact the business.

Increases in broadband usage may cause network capacity limitations, resulting in service disruptions or reduced capacity for customers.

Video streaming services and peer-to-peer file sharing applications use significantly more bandwidth than traditional Internet activity such as web browsing and email. As utilization rates and availability of these services continue to grow, our high-speed Internet customers may use much more bandwidth than in the past. If this occurs, we could be required to make significant capital expenditures to increase network capacity in order to avoid service disruptions or reduced capacity for customers.

We may not be able to recover the costs of the necessary network investments. This would result in an adverse impact to our results of operations and financial condition.

We may be liable for the material that content providers distribute over our networks.

The law relating to the liability of private network operators for information carried on, stored or disseminated through their networks is still unsettled. As such, we could be exposed to legal claims relating to content disseminated on our networks. Claims could challenge the accuracy of materials on our network or could

involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our financial results would be negatively affected.

Cyber attacks or other breaches of network or other information technology security could have an adverse effect on our business.

Cyber attacks or other breaches of network or information technology security may cause equipment failures or disruptions to our operations. Our inability to operate our wireline networks as a result of such events, even for a limited period of time, may result in significant expenses and/or loss of market share to other communications providers. In addition, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Cyber attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access, have increased in frequency, scope and potential harm in recent years. While, to date, we have not been subject to cyber attacks or other cyber incidents which, individually or in the aggregate, have been material to our operations or financial condition, the preventative actions we take to reduce the risk of cyber incidents and protect our information technology and networks may be insufficient to repel a major cyber attack in the future. The costs associated with a major cyber attack could include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cyber security measures, lost revenues from business interruption, litigation and damage to our reputation. If we fail to prevent the theft of valuable information such as financial data, sensitive information about the Company and intellectual property, or if we fail to protect the privacy of customer and employee confidential data against breaches of network or information technology security, it would result in damage to our reputation, which could adversely impact customer and investor confidence. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

Natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations.

Our business operations are subject to interruption by natural disasters, power outages, terrorist attacks, other hostile acts and events beyond our control. Such events could cause significant damage to our infrastructure, resulting in degradation or disruption of service to our customers. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Our system redundancy may be ineffective or inadequate and our disaster recovery planning may not be sufficient for all eventualities. These events could also damage the infrastructure of suppliers that provide us with the equipment and services we need to operate our business and provide products to our customers. A natural disaster or other event causing significant physical damage would cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations. In addition, these occurrences could result in lost revenues from business interruption as well as damage to our reputation.

The regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict its ability to price its products and services, and threaten its operating licenses.

Several of the Company's subsidiaries are subject to regulatory oversight of varying degrees at both the state and federal levels, which may differ from the regulatory scrutiny faced by the Company's competitors. A significant portion of CBT's revenue is derived from pricing plans that require regulatory overview and approval. These regulated pricing plans limit the rates CBT charges for some services while the competition has typically been able to set rates for services with limited restriction. In the future, regulatory initiatives that would put CBT at a competitive disadvantage or mandate lower rates for its services would result in lower profitability and cash flows for the Company. In addition, different regulatory interpretations of existing regulations or guidelines may affect the Company's revenues and expenses in future periods.

At the federal level, CBT is subject to the Telecommunications Act of 1996 (the "1996 Act"), including the rules subsequently adopted by the FCC to implement the 1996 Act, which has impacted CBT's in-territory local

exchange operations in the form of greater competition. At the state level, CBT conducts local exchange operations in portions of Ohio, Kentucky, and Indiana, and, consequently, is subject to regulation by the Public Utilities Commissions in those states. Various regulatory decisions or initiatives at the federal or state level may from time to time have a negative impact on CBT's ability to compete in its markets.

From time to time, different regulatory agencies conduct audits to ensure that the Company is in compliance with the respective regulations. The Company could be subject to fines and penalties if found to be out of compliance with these regulations, and these fines and penalties could be material to the Company's financial condition.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues that could result in significant changes to the business conditions in the telecommunications industry. In addition, in connection with our Internet access offerings, we could become subject to laws and regulations as they are adopted or applied to the Internet. There is currently only limited regulation applicable to these services. As the significance of the Internet continues to grow, federal, state and local governments may pass laws and adopt rules and regulations or apply existing laws and regulations to the Internet (including Internet access services), and related matters are under consideration in both federal and state legislative and regulatory bodies. We cannot provide any assurances that changes in current or future regulations adopted by the FCC or state regulators, or other legislative, administrative, or judicial initiatives relating to the telecommunications industry, will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company depends on a number of third-party providers, and the loss of, or problems with, one or more of these providers may impede the Company's growth or cause it to lose customers.

The Company depends on third-party providers to supply products and services. For example, many of the Company's information technology and call center functions are performed by third-party providers, and network equipment is purchased from and maintained by vendors. The loss of or problems with one or more of these third-party providers may result in an adverse effect on our ability to provide products and services to our customers and on our results of operations and financial condition.

A failure of back-office information technology systems could adversely affect the Company's results of operations and financial condition.

The efficient operation of the Company's business depends on back-office information technology systems. The Company relies on back-office information technology systems to effectively manage customer billing, business data, communications, supply chain, order entry and fulfillment and other business processes. A failure of the Company's information technology systems to perform as anticipated could disrupt the Company's business and result in a failure to collect accounts receivable, transaction errors, processing inefficiencies, and the loss of sales and customers, causing the Company's reputation and results of operations to suffer. In addition, information technology systems may be vulnerable to damage or interruption from circumstances beyond the Company's control, including fire, natural disasters, systems failures, security breaches and viruses. Any such damage or interruption could have a material adverse effect on the Company's business.

If the Company fails to extend or renegotiate its collective bargaining agreements with its labor union when they expire or if its unionized employees were to engage in a strike or other work stoppage, the Company's business and operating results could be materially harmed.

The Company is a party to collective bargaining agreements with its labor union, which represents approximately 30% of its employees. No assurance can be given that the Company will be able to successfully extend or renegotiate its collective bargaining agreements in the future. If the Company fails to extend or renegotiate its collective bargaining agreements, if disputes with its union arise, or if its unionized workers engage in a strike or a work stoppage, the Company could experience a significant disruption of operations or incur higher ongoing labor costs, either of which would have a material adverse effect on the business.

The loss of any of the senior management team or attrition among key sales associates could adversely affect the Company's business, financial condition, results of operations and cash flows.

The Company's success will continue to depend, to a significant extent, on its senior management team and key sales associates. Senior management has specific knowledge relating to the Company and the industry that would be difficult to replace. The loss of key sales associates could hinder the Company's ability to continue to benefit from long-standing relationships with customers. The Company cannot provide any assurance that it will be able to retain the current senior management team or key sales associates. The loss of any of these individuals could adversely affect the Company's business, financial condition, results of operations and cash flows.

Risks Related to our Indebtedness

The Company's debt could limit its ability to fund operations, raise additional capital, and fulfill its obligations, which, in turn, would have a material adverse effect on its businesses and prospects generally.

As of December 31, 2015, the Company and its subsidiaries had outstanding indebtedness of $1,245.6 million, on which it incurred $103.1 million of interest expense in 2015, and had total shareowners' deficit of $298.2 million. At December 31, 2015, the Company and its subsidiaries had $90.3 million of borrowing availability under its Receivables Facility and had the ability to borrow up to an additional $175.0 million under the Corporate Credit Agreement's revolving credit facility, subject to compliance with certain conditions. In addition, the Company's ability to incur additional debt from time to time is subject to the restrictions contained in its credit facilities and other debt instruments.

The Company's debt has important consequences, including the following:

- the Company is required to use a substantial portion of its cash flow from operations to pay principal and interest on its debt, thereby reducing the availability of cash flow to fund working capital, capital expenditures, strategic acquisitions, investments and alliances, and other general corporate requirements;
- there is a variable interest rate on a portion of its debt which could increase if the market interest rates increase;
- the Company's debt increases its vulnerability to adverse changes in the credit markets, which adverse changes could increase the Company's borrowing costs and limit the availability of financing;
- the Company's debt service obligations limit its flexibility to plan for, or react to, changes in its business and the industries in which it operates;
- the Company's level of debt and shareowners' deficit may restrict it from raising additional financing on satisfactory terms to fund working capital, capital expenditures, strategic acquisitions, investments and alliances, and other general corporate requirements; and
- the Company's debt instruments require the Company to comply with specified financial ratios and other restrictive covenants. Failure to comply with these covenants, if not cured or waived, could limit availability to the cash required to fund the Company's operations and general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company's creditors and preferred stockholders have claims that are superior to claims of the holders of the Company's common stock. Accordingly, in the event of the Company's dissolution, bankruptcy, liquidation, or reorganization, payment is first made on the claims of creditors of the Company and its subsidiaries, then preferred stockholders, and finally, if amounts are available, to holders of the Company's common stock.

The Corporate Credit Agreement and other indebtedness impose significant restrictions on the Company.

The Company's debt instruments impose, and the terms of any future debt may impose, operating and other restrictions on the Company. These restrictions affect, and in many respects limit or prohibit, among other things, the Company's ability to:

- incur additional indebtedness;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- guarantee indebtedness;
- declare or pay dividends or other distributions to shareholders;
- repurchase equity interests;
- redeem debt that is junior in right of payment to such indebtedness;
- enter into agreements that restrict dividends or other payments from subsidiaries;
- issue or sell capital stock of certain of its subsidiaries; and
- consolidate, merge, or transfer all or substantially all of its assets and the assets of its subsidiaries on a consolidated basis.

In addition, the Company's Corporate Credit Agreement and debt instruments include restrictive covenants that may materially limit the Company's ability to prepay debt and redeem preferred stock. The agreements governing the Corporate Credit Agreement also require the Company to achieve and maintain compliance with specified financial ratios.

The restrictions contained in the terms of the Corporate Credit Agreement and its other debt instruments could:

- limit the Company's ability to plan for or react to market conditions or meet capital needs or otherwise restrict the Company's activities or business plans; and
- adversely affect the Company's ability to finance its operations, strategic acquisitions, investments or alliances, or other capital needs, or to engage in other business activities that would be in its interest.

A breach of any of the debt's restrictive covenants or the Company's inability to comply with the required financial ratios would result in a default under some or all of the debt agreements. During the occurrence and continuance of a default, lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. Additionally, under the Corporate Credit Agreement, the lenders may elect not to provide loans until such default is cured or waived. The Company's debt instruments also contain cross-acceleration provisions, which generally cause each instrument to be subject to early repayment of outstanding principal and related interest upon a qualifying acceleration of any other debt instrument. Failure to comply with these covenants, if not cured or waived, would limit the cash available to the Company required to fund operations and its general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company depends on its Corporate Credit Agreement and Receivables Facility to provide for its short-term financing requirements in excess of amounts generated by operations, and the availability of those funds may be reduced or limited.

The Company depends on the revolving credit facilities under its Corporate Credit Agreement and its Receivables Facility to provide for short-term financing requirements in excess of amounts generated by operations. The Corporate Credit Agreement's revolving credit facility has a maturity date of July 15, 2017. The

Receivables Facility has a termination date of May 30, 2018, is subject to renewal every 364 days, with the next renewal occurring on May 30, 2016.

As of December 31, 2015, the Company had no outstanding borrowings under the Corporate Credit Agreement's revolving credit facility, leaving $175.0 million in additional borrowing availability under this facility. The $175.0 million available under the Corporate Credit Agreement's revolving credit facility is funded by various financial institutions. If one or more of these banks is not able to fulfill its funding obligations, the Company's financial condition would be adversely affected.

Effective with our sale of 16.0 million partnership units to CyrusOne, Inc. on June 25, 2014 for $355.9 million, the amount available under the Corporate Credit Agreement's revolving credit facility was reduced to $150.0 million from its original capacity of $200.0 million. The Company entered into an Incremental Assumption Agreement to the Company's existing Corporate Credit Agreement on April 6, 2015, and effective with our sale of 14.3 million CyrusOne LP operating partnership units on April 7, 2015 for $426.0 million, the aggregate available borrowings on the Corporate Credit Agreement's revolving credit facility increased to $175.0 million for the remainder of the term.

In addition, the Company's ability to borrow under its Corporate Credit Agreement is subject to the Company's compliance with covenants, including covenants requiring compliance with specified financial ratios. Failure to satisfy these covenants would constrain or prohibit its ability to borrow under these facilities.

As of December 31, 2015, the Company had $17.6 million of borrowings and $6.3 million of letters of credit that were outstanding under its Receivables Facility. At that date, the Company had a borrowing capacity under this Receivables Facility of $114.2 million and a maximum borrowing limit of $120.0 million. The available borrowing capacity is calculated monthly based on the amount and quality of outstanding accounts receivable and thus may be lower than the maximum borrowing limit. If the quality of the Company's accounts receivables deteriorates, this will negatively impact the available capacity under this facility. As of December 31, 2015, the Company had $90.3 million of borrowing capacity remaining under its Receivables Facility.

The servicing of the Company's indebtedness is dependent on its ability to generate cash, which could be impacted by many factors beyond its control.

The Company's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors, many of which are beyond its control. The Company cannot provide assurance that its business will generate sufficient cash flow from operations, additional sources of debt financing will be available, or future borrowings will be available under its Corporate Credit Agreement or Receivables Facility, in each case, in amounts sufficient to enable the Company to service its indebtedness or to fund other liquidity needs. If the Company cannot service its indebtedness, it will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, or selling assets, including its investment in CyrusOne, restructuring or refinancing indebtedness, or seeking additional equity capital, which may adversely affect its shareholders, debt holders and customers. The Company may not be able to negotiate remedies on commercially reasonable terms, or at all. In addition, the terms of existing or future debt instruments may restrict the Company from adopting any of these alternatives. The Company's inability to generate the necessary cash flows could result in its dissolution, bankruptcy, liquidation or reorganization.

The Company depends on the receipt of dividends or other intercompany transfers from its subsidiaries and investments.

Virtually all of the Company's operations are conducted through its subsidiaries and most of the Company's debt is held at the parent company. Certain of the Company's material subsidiaries are subject to regulatory authority which may potentially limit the ability of such subsidiaries to distribute funds or assets. If any of the Company's subsidiaries were to be prohibited from paying dividends or making distributions, the Company may not be able to make the scheduled interest and principal repayments on its debt. This failure would have a material adverse effect on the Company's liquidity and the trading price of the Company's common stock, preferred stock, and debt instruments, which could result in its dissolution, bankruptcy, liquidation or reorganization.

Other Risk Factors

The Company has a significant investment in CyrusOne.

As of December 31, 2015, we own 9.5% of CyrusOne, which is held in the form of 6.9 million CyrusOne common shares. The value of our investment is subject to CyrusOne executing on their strategic plan and other factors beyond CyrusOne's control, such as volatility in equity markets and fluctuations in the valuation of companies perceived by investors to be comparable to CyrusOne, all of which could cause significant changes in the market price of CyrusOne's common stock. The fair value of our investment in CyrusOne may decline which may adversely affect the realization of our investment. As a result, we may be unable to monetize any or all of our investment in CyrusOne, which would therefore not allow us to repay debt and achieve a leverage ratio comparable to our peers, thereby limiting our opportunity to significantly increase cash flow. Our inability to liquidate our investment in CyrusOne could ultimately limit the cash to fund operations and our general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The trading price of the Company's common stock may be volatile, and the value of an investment in the Company's common stock may decline.

The market price of the Company's common stock has been volatile and could be subject to wide fluctuations in response to, among other things, the risk factors described in this report and other factors beyond the Company's control, such as volatility in equity markets and fluctuations in the valuation of companies perceived by investors to be comparable to the Company.

Equity markets have experienced price and volume fluctuations that have affected the Company's stock price and the market prices of equity securities of many other companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions, may negatively affect the market price of the Company's stock.

Companies that have experienced volatility in the market price of common shares have periodically been subject to securities class action litigation. The Company may be the target of this type of litigation in the future. Securities litigation could result in substantial costs and/or damages and divert management's attention from other business concerns.

The uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition.

The uncertain economic environment could have an adverse effect on the Company's business and financial liquidity. The Company's primary source of cash is customer collections. If economic conditions were to worsen, some customers may cancel services or have difficulty paying. These conditions would result in lower revenues and increases in the allowance for doubtful accounts, which would negatively affect the results of operations. Furthermore, the sales cycle would be further lengthened if business customers slow spending or delay decision-making on the Company's products and services, which would adversely affect revenues. If competitors lower prices as a result of economic conditions, the Company would also experience pricing pressure. If the economies of the U.S. and the world deteriorate, this could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's future cash flows would be adversely affected if it is unable to fully realize its deferred tax assets.

As of December 31, 2015, the Company had net deferred income taxes of $182.9 million, which are primarily composed of deferred tax assets associated with U.S. federal net operating loss carryforwards of $90.5 million and state, local and foreign net operating loss carryforwards of $51.5 million. The Company has recorded valuation allowances against deferred tax assets related to certain state, local and foreign net operating losses and other deferred tax assets due to the uncertainty of the Company's ability to utilize the assets within the statutory expiration period. The use of the Company's deferred tax assets enables it to satisfy current and future tax

liabilities without the use of the Company's cash resources. If the Company is unable for any reason to generate sufficient taxable income to fully realize its deferred tax assets, or if the use of its net operating loss carryforwards is limited by Internal Revenue Code Section 382 or similar state statute, the Company's net income, shareowners' deficit and future cash flows would be adversely affected.

Adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' deficit and liquidity.

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees, and one supplemental, nonqualified, unfunded plan for certain former executives. The Company also provides healthcare and group life insurance benefits for eligible retirees. The Company's Consolidated Balance Sheets indirectly reflect the value of all plan assets and benefit obligations under these plans. The accounting for employee benefit plans is complex, as is the process of calculating the benefit obligations under the plans. Adverse changes in interest rates or market conditions, among other assumptions and factors, could cause a significant increase in the Company's benefit obligations or a significant decrease of the asset values, without necessarily impacting the Company's net income. In addition, the Company's benefit obligations could increase significantly if it needs to unfavorably revise the assumptions used to calculate the obligations. These adverse changes could have a further significant negative impact on the Company's shareowners' deficit. In addition, with respect to the Company's pension plans, the Company expects to make approximately $22 million of estimated aggregate cash contributions to its qualified pension plans for the years 2016 to 2019. Additionally, the Company's postretirement costs are adversely affected by increases in medical and prescription drug costs. Further, if there are adverse changes to plan assets, or if medical and prescription drug costs increase significantly, the Company could be required to contribute additional material amounts of cash to the plans or could accelerate the timing of required payments.

Third parties may claim that the Company is infringing upon their intellectual property, and the Company could suffer significant litigation or licensing expenses or be prevented from selling products.

The Company may be unaware of intellectual property rights of others that may cover some of its technology, products or services. Any litigation growing out of third-party patents or other intellectual property claims could be costly and time-consuming and would divert the Company's management and key personnel from its business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increase these risks. Resolution of claims of intellectual property infringement might also require the Company to enter into costly license agreements. Likewise, the Company may not be able to obtain license agreements on acceptable terms. The Company also may be subject to significant damages or injunctions against development and sale of certain of its products or services. Further, the Company often relies on licenses of third-party intellectual property for its businesses. The Company cannot ensure these licenses will be available in the future on favorable terms or at all.

Third parties may infringe upon the Company's intellectual property, and the Company may expend significant resources enforcing its rights or suffer competitive injury.

The Company's success depends in significant part on the competitive advantage it gains from its proprietary technology and other valuable intellectual property assets. The Company relies on a combination of patents, copyrights, trademarks and trade secrets protections, confidentiality provisions and licensing arrangements to establish and protect its intellectual property rights. If the Company fails to successfully enforce its intellectual property rights, its competitive position could suffer, which could harm its operating results.

The Company may also be required to spend significant resources to monitor and police its intellectual property rights. The Company may not be able to detect third-party infringements and its competitive position may be harmed before the Company does so. In addition, competitors may design around the Company's technology or develop competing technologies. Furthermore, some intellectual property rights are licensed to other companies, allowing them to compete with the Company using that intellectual property.

We could be subject to a significant amount of litigation, which could require us to pay significant damages or settlements.

Our business faces a substantial amount of litigation, including, from time to time, patent infringement lawsuits, antitrust class actions, securities class actions, wage and hour class actions, personal injury claims and lawsuits relating to our advertising, sales, billing and collection processes. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards and settlements.

The Company could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws.

The Company's operations are subject to laws and regulations relating to the protection of the environment, health, and human safety, including those governing the management and disposal of, and exposure to, hazardous materials and the cleanup of contamination, and the emission of radio frequencies. While the Company believes its operations are in substantial compliance with environmental, health, and human safety laws and regulations, as an owner or operator of property, and in connection with the current and historical use of hazardous materials and other operations at its sites, the Company could incur significant costs resulting from complying with or violations of such laws, the imposition of cleanup obligations and third-party suits. For instance, a number of the Company's sites formerly contained underground storage tanks for the storage of used oil and fuel for back-up generators and vehicles.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2015, we owned or maintained properties in Ohio, Kentucky and Indiana. Principal office locations are in Cincinnati, Ohio.

Our properties include copper and fiber plants and associated equipment in our local operating market. Each of the Company's subsidiaries maintains some investment in furniture and office equipment, computer equipment and associated operating system software, application system software, leasehold improvements and other assets.

With regard to its local Entertainment and Communications operations, the Company owns substantially all of the central office switching stations and the land upon which they are situated. Some business and administrative offices are located in leased facilities, all of which are recorded as operating leases. The Company's out-of-territory network assets include a fiber network plant, internet protocol and circuit switches and integrated access terminal equipment. In addition, as of year-end, we lease eight Company-run retail locations. Those locations were historically used by the discontinued wireless operations but were converted to sell our Fioptics suite of products.

For additional information about the Company's properties, see Note 6 to the consolidated financial statements.

Item 3. Legal Proceedings

We are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe that the liabilities accrued for legal contingencies in our consolidated financial statements, as prescribed by generally accepted accounting principles ("GAAP"), are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2015, cannot be reasonably determined.

Based on information currently available, consultation with counsel, available insurance coverage and established reserves, management believes the eventual outcome of all outstanding claims will not, individually or in the aggregate, have a material effect on the Company's financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information

The Company's common shares (symbol: CBB) are listed on the New York Stock Exchange. The high and low closing sale prices during each quarter for the last two fiscal years are listed below:

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2015	High	$3.68	$4.09	$3.97	$3.97
	Low	$2.93	$3.34	$3.08	$3.14
2014	High	$3.75	$3.95	$4.10	$3.71
	Low	$3.25	$3.19	$3.35	$2.97

(b) Holders

As of January 31, 2016, the Company had 8,908 holders of record of the 210,018,611 common shares outstanding and 155,250 shares outstanding of the 6¾% Cumulative Convertible Preferred Stock.

(c) Dividends

In 2015 and 2014, the Company paid $10.4 million of dividends on its 6¾% Cumulative Convertible Preferred Stock. In 2015 and 2014, the Company did not pay any dividends on its common stock and does not intend to pay any common stock dividends in 2016.

(d) Securities Authorized For Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2015 regarding securities of the Company to be issued and remaining available for issuance under the equity compensation plans of the Company:

Plan Category	Number of securities to be issued upon exercise of outstanding stock options, awards, warrants and rights	Weighted-average exercise price of outstanding stock options, awards, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,720,718(1)	$3.62	5,647,918
Equity compensation plans not approved by security holders	166,721(2)	—	136,196
Total	7,887,439	$3.62	5,784,114

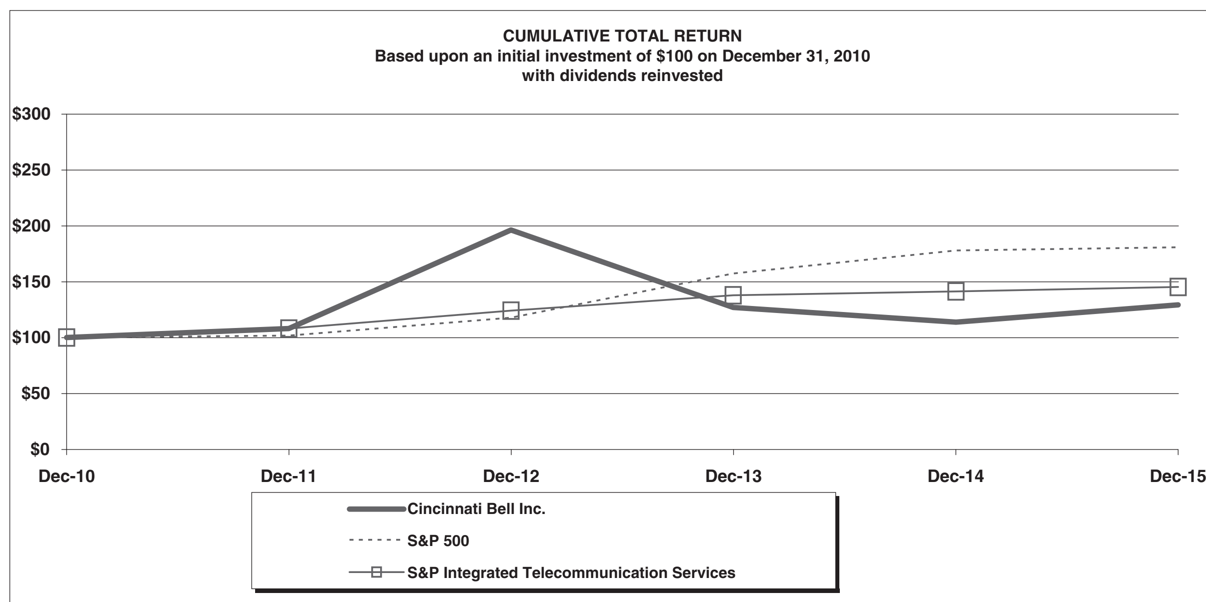
(1) Includes 3,879,678 outstanding stock options and stock appreciation rights not yet exercised, 234,308 shares of time-based restricted stock, and 3,606,732 shares of performance-based awards, restrictions on which have not expired as of December 31, 2015. Awards were granted under various incentive plans approved by Cincinnati Bell Inc. shareholders. The number of performance-based awards assumes the maximum awards that can be earned if the performance conditions are achieved.

(2) The shares to be issued relate to deferred compensation in the form of previously received special awards and annual awards to non-employee directors pursuant to the "Deferred Compensation Plan for Outside Directors." From 1997 through 2011, the directors received an annual award of phantom stock equivalent to a number of common shares. In 2015 and 2014, no such awards were granted. As a result of a plan amendment effective as of January 1, 2005, upon termination of Board service, non-employee directors are required to take distribution of all annual phantom stock awards in cash. Therefore, the number of actual shares of common stock to be

issued pursuant to the plan as of December 31, 2015 is approximately 11,500. This plan also provides that no awards are payable until such non-employee director completes at least five years of active service as a non-employee director, except if he or she dies while serving as a member of the Board of Directors.

(e) Stock Performance

The graph below matches Cincinnati Bell Inc.'s cumulative five-Year total shareholder return on common stock with the cumulative total returns of the S&P 500 index and the S&P Integrated Telecommunication Services index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from December 31, 2010 to December 31, 2015.



	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15
Cincinnati Bell Inc.	$100	$108	$196	$127	$114	$129
S&P 500	$100	$102	$118	$157	$178	$181
S&P Integrated Telecommunication Services	$100	$108	$124	$138	$141	$145

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(f) Issuer Purchases of Equity Securities

The following table provides information regarding the Company's purchases of its common stock during the quarter ended December 31, 2015:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs *	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs (in millions)*
October 1, 2015 — December 31, 2015 . . .	—	$—	—	$129.2

* In February 2010, the Board of Directors approved an additional plan for the repurchase of the Company's outstanding common stock in an amount up to $150.0 million. The Company may repurchase shares when management believes the share price offers an attractive value and to the extent its available cash is not needed for growth opportunities. This repurchase plan does not have a stated maturity.

Item 6. Selected Financial Data

As further discussed in Note 3 to our consolidated financial statements, we ceased operations of our wireless business as of March 2015. As a result, wireless financial results are now presented as discontinued operations. Therefore, we have recast the information below, except as noted, for all periods presented.

The selected financial data should be read in conjunction with the consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this document.

(dollars in millions, except per share amounts)	2015	2014	2013 (a)	2012 (a)	2011 (a)
Operating Data					
Revenue	$1,167.8	$1,161.5	$1,073.4	$1,251.5	$1,204.4
Cost of services and products, selling, general and administrative, depreciation, and amortization expense	1,031.3	979.5	877.6	1,018.0	944.1
Other operating costs and losses (b)	8.5	5.1	56.0	20.3	11.6
Operating income	128.0	176.9	139.8	213.2	248.7
Interest expense	103.1	145.9	176.0	211.2	205.4
Loss on extinguishment of debt	20.9	19.6	29.6	13.6	—
Loss from CyrusOne investment (c)	5.1	7.0	10.7	—	—
Gain on sale of CyrusOne investment (d)	(449.2)	(192.8)	—	—	—
Income (loss) from continuing operations	290.8	117.7	(64.9)	(18.8)	17.9
Income (loss) from discontinued operations, net of tax	62.9	(42.1)	10.2	30.0	0.7
Net income (loss)	$ 353.7	$ 75.6	$ (54.7)	$ 11.2	$ 18.6
Basic earnings (loss) per common share from continuing operations	$ 1.34	$ 0.51	$ (0.37)	$ (0.15)	$ 0.04
Basic earnings (loss) per common share from discontinued operations	$ 0.30	$ (0.20)	$ 0.05	$ 0.15	$ —
Basic earnings (loss) per common share	$ 1.64	$ 0.31	$ (0.32)	$ —	$ 0.04
Diluted earnings (loss) per common share from continuing operations	$ 1.33	$ 0.51	$ (0.37)	$ (0.15)	$ 0.04
Diluted earnings (loss) per common share from discontinued operations	$ 0.30	$ (0.20)	$ 0.05	$ 0.15	$ —
Diluted earnings (loss) per common share	$ 1.63	$ 0.31	$ (0.32)	$ —	$ 0.04
Dividends declared per common share	$ —	$ —	$ —	$ —	$ —
Weighted-average common shares outstanding					
Basic	209.6	208.5	205.9	197.0	196.8
Diluted	210.2	209.6	205.9	197.0	200.0
Financial Position					
Property, plant and equipment, net	$ 975.5	$ 815.4	$ 756.8	$1,415.4	$1,211.2
Total assets (e)	1,454.4	1,820.7	2,108.4	2,873.8	2,716.1
Total long-term obligations (f)	1,493.4	2,058.4	2,529.7	3,215.2	3,073.5
Other Data					
Cash flow provided by operating activities	$ 110.9	$ 175.2	$ 78.8	$ 212.7	$ 289.9
Cash flow provided by (used in) investing activities (g)	383.2	392.6	(185.4)	(371.8)	(244.7)
Cash flow (used in) provided by financing activities (h)	(544.6)	(514.5)	87.6	109.0	(48.8)
Capital expenditures (i)	(283.6)	(182.3)	(196.9)	(367.2)	(255.5)

(a) Results for 2012 and 2011 include the revenues and expenses of CyrusOne Inc. (“CyrusOne”), our former data center business. During 2013, CyrusOne results are included for the period January 1, 2013 through January 23, 2013. Effective January 24, 2013, the date of the CyrusOne IPO, we no longer include CyrusOne’s operating results in our consolidated financial statements. See Notes 1 and 4 to the consolidated financial statements.
(b) Other operating costs and losses consist of restructuring charges (reversals), transaction-related compensation, curtailment loss (gain), loss(gain) on disposal of assets — net, impairment of assets and transaction costs.
(c) Losses represent our equity method share of CyrusOne’s losses. Effective December 31, 2015, our ownership in CyrusOne is now accounted for using the cost method.
(d) In 2015, we recorded a gain resulting from the sale of 20.3 million partnership units of CyrusOne LP to CyrusOne, Inc. and the sale of 1.4 million shares of CyrusOne’s common stock. In 2014, we recorded a gain resulting from the sale of 16.0 million partnership units of CyrusOne LP to CyrusOne, Inc.
(e) Total assets include current and noncurrent assets from discontinued operations.
(f) Total long-term obligations comprise long-term debt less current portion, pension and postretirement benefit obligations, other noncurrent liabilities and noncurrent liabilities from discontinued operations. See Notes 3, 8, 9, and 12 to the consolidated financial statements for discussions related to 2015 and 2014.
(g) In 2015, cash from investing activities included $643.9 million of proceeds from the sale of 20.3 million partnership units of CyrusOne LP to CyrusOne Inc. and the sale of 1.4 million shares of CyrusOne’s common stock. In 2014, cash from investing activities included $355.9 million of proceeds from the sale of 16.0 million partnership units of CyrusOne LP to CyrusOne Inc. and $194.4 million of proceeds from the sale of wireless spectrum licenses.
(h) Cash used in financing activities for 2015 includes the repayment of $300.0 million 8¾% Senior Subordinated Notes due 2018, $182.7 million of 8⅜% Senior Notes due 2020, $13.7 million of 7¼% Notes due 2023 and $5.8 million of CBT Notes. Cash used in financing activities for 2014 includes the repayment of $325.0 million 8¾% Senior Subordinated Notes due 2018 and repayment of $22.7 million 8⅜% Senior Notes due 2020.
(i) Capital expenditures include capital expenditures from discontinued operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K 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. See "Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement," for further information on forward-looking statements.

Executive Summary

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

Consolidated revenue totaling $1,167.8 million for the year ended December 31, 2015 increased compared to the prior year as strategic revenue growth more than offset the impact of no longer providing backhaul service to our discontinued wireless operations and declines from legacy and integration products. Revenue from our strategic products totaled $536.6 million in 2015, up 21% compared to 2014. Operating income in 2015 was $128.0 million, down from the prior year due in large part to increased costs associated with accelerating the construction of our fiber network and costs absorbed as a result of winding down wireless operations.

Income from continuing operations totaled $290.8 million for the year ended December 31, 2015, primarily due to the $449.2 million gain on the sale of a portion of our CyrusOne investment. Income from discontinued operations, net of tax, for the year ended December 31, 2015 was $62.9 million. As of March 31, 2015, there were no subscribers remaining on the wireless network, and we no longer required the use of the wireless spectrum being leased. Therefore, the $112.6 million gain on the sale of the wireless spectrum licenses, which had been previously deferred, was recognized in our financial results during the first quarter of 2015. In addition, on April 1, 2015, we transferred certain other assets related to our wireless business to the purchaser, including leases to certain wireless towers and related equipment and other assets, which resulted in a gain of $15.9 million in the second quarter of 2015.

The Company sold a combined 21.7 million CyrusOne partnership units and common shares for cash totaling $643.9 million during 2015. The cash generated from these transactions was primarily used to manage our debt. In total, during 2015, we repaid $531.7 million of debt, reducing interest payments by approximately $42 million annually. As a result, our consolidated debt leverage as defined by our Corporate Credit Agreement was 4.3x as of December 31, 2015. If our leverage was further adjusted for our remaining 9.5% ownership in CyrusOne, which was valued at $257.9 million, as of December 31, 2015, our leverage would be 3.4x.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for further details on the Company's 2015 financial results.

Consolidated Results of Operations

Revenue

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Service revenue							
Entertainment and Communications	$735.0	$728.8	$ 6.2	1%	$718.0	$ 10.8	2%
IT Services and Hardware	198.0	161.4	36.6	23%	138.7	22.7	16%
Data Center Colocation	—	—	—	n/m	15.2	(15.2)	n/m
Total service revenue	$933.0	$890.2	$42.8	5%	$871.9	$ 18.3	2%

Entertainment and Communications revenue increased as the growth in Fioptics and other strategic services offset the combined impact from no longer providing backhaul services to our former wireless segment and legacy and integration declines. IT Service and Hardware increased primarily due to growth from all of our strategic services.

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Product revenue							
Entertainment and Communications	$ 7.4	$ 10.7	$ (3.3)	(31)%	$ 5.7	$ 5.0	88%
IT Services and Hardware	227.4	260.6	(33.2)	(13)%	195.8	64.8	33%
Total product revenue	$234.8	$271.3	$(36.5)	(13)%	$201.5	$69.8	35%

Product revenue is primarily driven by the volume of Telecom and IT hardware sales reflecting the cyclical fluctuation in capital spending by our enterprise customers in our IT Services and Hardware segment. In 2014, we entered into agreements to sell Verizon wireless handsets and accessories at our retail locations generating revenue of $3.1 million and $5.7 million in 2015 and 2014, respectively.

Operating costs

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Cost of services							
Entertainment and Communications	$319.9	$290.2	$29.7	10%	$273.2	$17.0	6%
IT Services and Hardware	152.6	126.0	26.6	21%	108.4	17.6	16%
Data Center Colocation	—	—	—	n/m	4.6	(4.6)	n/m
Total cost of services	$472.5	$416.2	$56.3	14%	$386.2	$30.0	8%

Cost of services increased in both periods due to growth in our strategic products. Entertainment and Communications costs also increased due to programming costs associated with our growing Fioptics video subscriber base and higher programming rates.

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Cost of products							
Entertainment and Communications	$ 6.3	$ 8.3	$ (2.0)	(24)%	$ 4.5	$ 3.8	84%
IT Services and Hardware	191.8	223.2	(31.4)	(14)%	170.6	52.6	31%
Total cost of products	$198.1	$231.5	$(33.4)	(14)%	$175.1	$56.4	32%

Cost of products are primarily impacted by changes in Telecom and IT hardware sales. Entertainment and Communications cost of products was impacted by costs associated with the agreement to sell Verizon Wireless products and services at our retail locations.

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Selling, general, and administrative							
Entertainment and Communications	$146.2	$133.0	$13.2	10%	$131.7	$ 1.3	1%
IT Services and Hardware	53.5	51.0	2.5	5%	44.1	6.9	16%
Data Center Colocation	—	—	—	0%	2.4	(2.4)	n/m
Corporate	19.4	20.2	(0.8)	(4)%	9.7	10.5	n/m
Total selling, general and administrative	$219.1	$204.2	$14.9	7%	$187.9	$16.3	9%

Entertainment and Communications SG&A costs were up in 2015 primarily due to store costs, an increase in our sales force to support our fiber acceleration strategy and a one-time pension charge related to our excess benefit plan totaling $3.8 million. In 2014, Entertainment and Communications costs were primarily up due to costs incurred associated with outsourcing certain IT functions. Increased IT Services and Hardware SG&A costs were primarily related to higher payroll and headcount related costs to support the growth for our strategic products. Corporate SG&A stock-based compensation expense increased in both periods due to changes in our stock price. In 2015, this increase was partially offset by lower contract services. In 2014, employee related costs were higher than the prior year.

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Depreciation and amortization expense							
Entertainment and Communications	$129.2	$115.7	$13.5	12%	$112.2	$ 3.5	3%
IT Services and Hardware	12.3	11.7	0.6	5%	10.5	1.2	11%
Data Center Colocation	—	—	—	0%	5.2	(5.2)	n/m
Corporate	0.1	0.2	(0.1)	(50)%	0.5	(0.3)	(60)%
Total depreciation and amortization expense	$141.6	$127.6	$14.0	11%	$128.4	$(0.8)	(1)%

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

Other operating costs

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Other operating costs							
Restructuring charges (reversals)	$6.0	$(0.4)	$ 6.4	n/m	$13.5	$(13.9)	n/m
Transaction-related compensation	—	—	—	n/m	42.6	(42.6)	n/m
Curtailment loss (gain)	0.3	—	0.3	n/m	(0.6)	0.6	n/m
Loss (gain) on sale of disposal of assets, net	0.8	(0.3)	1.1	n/m	(1.1)	0.8	(73)%
Impairment of assets	—	4.6	(4.6)	n/m	—	4.6	n/m
Transaction costs	1.4	1.2	0.2	17%	1.6	(0.4)	(25)%

In 2015, restructuring charges represented severance associated with employee separations, consulting fees related to a workforce optimization initiative and lease abandonments. Charges incurred in 2015 include $3.3 million of severance costs for employee separations related to the discontinuation of our cyber-security product offering and the integration of our business market teams. Third party consultant costs associated with integrating each segment's business markets team totaled $2.4 million, and $0.3 million was incurred related to a lease abandonment. Restructuring charges incurred in 2013 represented severance costs, expenses related to lease abandonments and fees associated with a workforce optimization project.

Transaction-related compensation was $42.6 million in 2013, of which $20.0 million was related to CyrusOne employees. In 2010, the Company's Board of Directors approved a long-term incentive program for certain members of management under which payments were contingent upon the completion of a qualifying transaction and attainment of an increase in the equity value of the data center business, as defined in the plan. The completion of the IPO during 2013 resulted in a qualifying transaction requiring payment of compensation to the employees covered under this plan.

Impairment charges totaling $4.6 million in 2014 were recorded for the abandonment of an internal use software project related to the Entertainment and Communications segment.

Transaction costs incurred in 2015 primarily represent fees for exploring opportunities to increase the scale of our IT Services and Hardware Segment. Transaction costs incurred in 2014 represent legal fees associated with the sale of our wireless assets and fees associated with new equity method investments. In 2013, costs represent expenses associated with exploring strategic alternatives for our former wireless business and consulting costs associated with the CyrusOne IPO.

Non-operating expenses (income)

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Non-operating costs							
Interest expense	$ 103.1	$ 145.9	$ (42.8)	(29)%	$176.0	$ (30.1)	(17)%
Loss on extinguishment of debt	20.9	19.6	1.3	7%	29.6	(10.0)	(34)%
Loss from CyrusOne investment	5.1	7.0	(1.9)	(27)%	10.7	(3.7)	(35)%
Gain on Sale of CyrusOne investment	(449.2)	(192.8)	(256.4)	n/m	—	(192.8)	n/m
Other income, net	(2.5)	(1.9)	(0.6)	32%	(3.3)	1.4	(42)%
Income tax expense (benefit)	159.8	81.4	78.4	96%	(8.3)	89.7	n/m
Income (loss) from discontinued operations, net of tax	62.9	(42.1)	105.0	n/m	10.2	(52.3)	n/m

Interest expense decreased due to the Company primarily using proceeds from the sale of a portion of its CyrusOne investment to repay debt. During 2015, 2014, and 2013, we repaid debt totaling $531.7 million, $376.5 million and $530.8 million, respectively. Certain debt repayments in each period resulted in a loss on extinguishment of debt.

In 2015, the Company recognized a gain of $412.9 million on the sale of 20.3 million CyrusOne LP partnership units and a gain of $36.3 million on the sale of 1.4 million CyrusOne common stock units. In the second quarter of 2014, the Company recognized a $192.8 million gain on the sale of 16.0 million CyrusOne LP partnership units.

Income tax expense related to continuing operations was higher in 2015 and 2014 compared to the prior year due primarily to higher income before tax as a result of the increased gain on the sale of our CyrusOne LP units and common shares. In 2013, the tax benefit was a result of loss before income taxes offset by a valuation allowance provision of $10.7 million for Texas margin credits, which effective with CyrusOne's IPO, are uncertain of being realized before their expiration date.

The Company has certain non-deductible expenses, including interest on securities originally issued to acquire its broadband business (the "Broadband Securities") or securities that the Company has subsequently issued to refinance the Broadband Securities. In periods without tax law changes, the Company expects its effective tax rate to exceed statutory rates primarily due to the non-deductible expenses associated with the Broadband Securities. The Company uses federal and state net operating losses to defray payment of federal and state tax liabilities. As a result, the Company had cash income tax payments, net of refunds, totaling $8.8 million in 2015. The Broadband Securities were repaid in full during 2015.

Effective March 31, 2015, we discontinued operating our wireless business as there were no subscribers remaining on the network. As a result, we no longer required the use of the spectrum being leased. Therefore, the $112.6 million gain on sale of wireless spectrum licenses, which had previously been deferred, was recognized during the three months ended March 31, 2015. On April 1, 2015, we transferred certain other wireless assets to the purchaser, including leases to certain wireless towers and related equipment and other assets, which resulted in a gain of $15.9 million in the second quarter of 2015. These gains were partially offset by operating losses as we continued to incur costs during the wind down of the wireless business.

Discussion of Operating Segment Results

The Company manages its business based upon product and service offerings. As of December 31, 2015, 2014, and 2013, we operated two business segments: Entertainment and Communications and IT Services and Hardware. Effective January 24, 2013, the date of the CyrusOne IPO, we no longer include CyrusOne, our former Data Center Colocation segment, in our consolidated financial statements. The closing of our wireless operations, effective March 31, 2015, represented a strategic shift in our business. Therefore, certain wireless assets, liabilities and results of operations are reported as discontinued operations in our financial statements. For further details of our investment in CyrusOne, see Note 1 and Note 4 of Notes to Consolidated Financial Statements. For further details of Discontinued Operations, see Note 1 and Note 3 of Notes to Consolidated Financial Statements.

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

Entertainment and Communications

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

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Revenue	$743.7	$740.7	$ 3.0	0%	$724.8	$ 15.9	2%
Operating costs and expenses:							
Cost of services and products	331.5	306.2	25.3	8%	286.3	19.9	7%
Selling, general and administrative	150.9	136.2	14.7	11%	132.7	3.5	3%
Depreciation and amortization	129.2	115.7	13.5	12%	112.2	3.5	3%
Restructuring charges (reversals)	1.6	(0.5)	2.1	n/m	9.1	(9.6)	n/m
Curtailment loss (gain)	0.3	—	0.3	n/m	(0.6)	0.6	n/m
Loss (gain) on sale or disposal of assets	0.3	(0.4)	0.7	n/m	(1.1)	0.7	64%
Impairments of assets	—	4.6	(4.6)	n/m	—	4.6	n/m
Total operating costs and expenses	613.8	561.8	52.0	9%	538.6	23.2	4%
Operating income	$129.9	$178.9	$ (49.0)	(27)%	$186.2	$ (7.3)	(4)%
Operating margin	17.5%	24.2%		(6.7)	25.7%		(1.5)
Capital expenditures	$269.5	$163.7	$105.8	65%	$162.6	$ 1.1	1%
Metrics (in thousands):							
Fioptics units passed	432.0	335.0	97.0	29%	276.0	59.0	21%
Internet subscribers:							
DSL	133.7	156.2	(22.5)	(14)%	188.5	(32.3)	(17)%
Fioptics	153.7	113.7	40.0	35%	79.9	33.8	42%
Total internet subscribers	287.4	269.9	17.5	6%	268.4	1.5	1%
Fioptics video subscribers	114.4	91.4	23.0	25%	74.2	17.2	23%
Residential voice lines:							
Legacy	146.4	181.6	(35.2)	(19)%	223.5	(41.9)	(19)%
Fioptics	71.4	56.7	14.7	26%	47.9	8.8	18%
Total residential voice lines	217.8	238.3	(20.5)	(9)%	271.4	(33.1)	(12)%
Business voice lines:							
Legacy	215.4	238.0	(22.6)	(9)%	253.9	(15.9)	(6)%
VoIP*	89.5	70.0	19.5	28%	54.0	16.0	30%
Total business voice lines	304.9	308.0	(3.1)	(1)%	307.9	0.1	0%
Total voice lines	522.7	546.3	(23.6)	(4)%	579.3	(33.0)	(6)%
Long distance lines:							
Residential	199.4	212.5	(13.1)	(6)%	236.2	(23.7)	(10)%
Business	140.3	150.3	(10.0)	(7)%	157.9	(7.6)	(5)%
Total long distance lines:	339.7	362.8	(23.1)	(6)%	394.1	(31.3)	(8)%

* VoIP lines include Fioptics voice lines

Revenue

The following table illustrates our revenue by market: Consumer, Business and Carrier. Our products within each market have been classified as either Strategic, Legacy or Integration.

(dollars in millions)	Year ended December 31, 2015	2014	2013
Revenue:			
Consumer			
Strategic			
Data	$ 72.7	$ 48.4	$ 29.7
Voice	19.7	17.7	14.9
Video	94.8	73.9	53.1
Services and other	3.7	4.0	4.1
	190.9	144.0	101.8
Legacy			
Data	49.5	58.5	59.9
Voice	86.1	101.1	122.7
Services and other	6.7	7.7	8.2
	142.3	167.3	190.8
Integration			
Services and other	7.7	11.2	6.0
Total consumer revenue	$340.9	$322.5	$298.6
Business			
Strategic			
Data	$ 89.6	$ 83.6	$ 74.1
Voice	42.5	35.9	31.8
Video	1.8	1.6	1.5
Services and other	3.2	3.8	5.7
	137.1	124.9	113.1
Legacy			
Data	23.2	27.6	31.3
Voice	123.6	134.2	144.7
Services and other	1.3	1.2	2.2
	148.1	163.0	178.2
Integration			
Services and other	2.6	4.7	6.7
Total business revenue	$287.8	$292.6	$298.0
Carrier			
Strategic			
Data	$ 37.7	$ 41.6	$ 37.7
Legacy			
Data	50.1	49.9	53.2
Voice	20.0	24.6	28.1
Services and other	7.2	9.5	9.2
	77.3	84.0	90.5
Total carrier revenue	115.0	125.6	128.2
Total Entertainment and Communications revenue	$743.7	$740.7	$724.8

Consumer

Consumer market revenue has increased each of the previous two years due to Fioptics growth offsetting legacy access line and DSL subscriber loss. Our Fioptics internet subscriber base increased 35% and average revenue per user ("ARPU") was up 14% in 2015. During 2014, the Fioptics internet subscriber base increased 33% with ARPU growing 19%. Fioptics video subscribers increased 27% and 25% in 2015 and 2014, respectively, in addition to a 1% and 7% increase in ARPU. Video ARPU growth rates decelerated in 2015 as a result of increased promotional pricing due to increased competition.

The Company continues to lose access and long distance lines as a result of, among other factors, customers electing to solely use wireless service in lieu of traditional local wireline service and customers electing other service providers. The Company also continues to experience DSL subscriber loss as a result of customers migrating to Fioptics or an alternative internet provider, particularly in areas that have not been upgraded to Fioptics.

Integration revenue increased in 2014 primarily due to $5.7 million of revenue generated through an agreement to sell Verizon wireless product and services at our retail locations. Revenue from selling these products totaled $3.1 million in 2015. We discontinued the sale of Verizon handsets at our retail locations effective January 31, 2016.

Business

Data revenue from our business customers has increased as customers migrate from our legacy product offerings. Voice revenue declined $6.4 million in 2014 and $4.0 million in 2015 as the growth in VoIP lines continues to mitigate legacy voice line loss and the migration of certain customers to national providers. In total, business voice lines were consistent during 2014 and decreased 1% in 2015. In addition, service and other revenue has declined each year primarily due to lower maintenance and service center revenue.

Carrier

Carrier revenue declined in 2015 primarily due to no longer providing backhaul services to our discontinued wireless operations. The declines were partially offset by $4.7 million of one-time revenue associated with the construction of small cell site locations completed in 2015. In addition, switched access revenue decreased in 2015 and 2014 in part due to FCC mandated reductions of terminating switched access rates. These declines are expected to continue in 2016.

Operating costs and expenses

Cost of services and products has increased primarily due to higher programming costs of $17.4 million and $14.1 million in 2015 and 2014, respectively. These increases are the result of the growing number of Fioptics video subscribers combined with higher programming rates. Costs associated with selling Verizon handsets and accessories totaled $2.8 million in 2015 and $4.3 million in 2014. In 2014, operating tax expenses increased by $6.6 million due to an increase in Universal Service Fund ("USF") taxes and property taxes. These increases were partially offset by a decline in payroll related costs due to lower pension and post-retirement expense. In 2015, rent expense increased $2.7 million as a result of signing a new lease in the second half of 2014 for additional floor space at our corporate headquarters. Network and materials costs increased in 2014 and 2015 as we continue to accelerate our fiber investment.

SG&A expenses were up in 2015 primarily as a result of increased costs absorbed from shutting down our wireless operations and accelerating the build-out of Fioptics. Retail center costs and the additions to our sales force increased costs $7.1 million in 2015. In addition, marketing and advertising costs increased $1.6 million compared to 2014 as we increased our Fioptics promotional efforts. During the second quarter of 2015, we incurred a one-time charge related to our excess pension benefit plan totaling $3.8 million. The remaining increase was primarily due to increased payroll benefits. SG&A expenses increased in 2014 compared to 2013 due to software development costs and consulting fees totaling $3.8 million associated with outsourcing certain

IT functions. Payroll related costs were up $1.8 million in 2014 as we prepared for the acceleration of our fiber investments. These increases were offset by lower advertising, bad debt and other miscellaneous expenses.

Restructuring charges in 2015 were primarily related to employee severance as we continue to identify opportunities to integrate the business markets within each of our segments. The reversal of restructuring charges in 2014 was due to re-occupying certain office space previously vacated. In 2013, restructuring charges included employee separation costs of $4.6 million, lease abandonment charges of $3.9 million and contract termination charges of $0.6 million.

Impairment charges totaling $4.6 million in 2014 were recorded for the abandonment of an internal use software project.

Capital Expenditures

(dollars in millions)	2015	2014	2013
Fioptics capital expenditures			
Construction	$ 86.5	$ 50.0	$ 45.6
Installation	50.2	24.3	25.3
Other	42.8	18.8	8.6
Total Fioptics	179.5	93.1	79.5
Other strategic	44.4	26.9	35.1
Maintenance	45.6	43.7	48.0
Total capital expenditures	$269.5	$163.7	$162.6

Capital expenditures are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to maintain our fiber and copper networks. During 2015, 2014 and 2013, we passed 97,000, 59,000 and 71,000 addresses with Fioptics, respectively. As of December 31, 2015, the Company is able to provide its Fioptics services to 432,000 residential and business addresses, or 53% of our operating territory. Fioptics installation costs increased in 2015 due to increased Fioptics internet and video activations combined with upgrading set-top boxes and wireless modems. Other Fioptics related costs include costs to expand core network capacity and for enhancements to the customer experience.

Other strategic capital expenditures are for success-based fiber builds for business and carrier projects.

IT Services and Hardware

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

(dollars in millions)	2015	2014	$ Change 2015 vs. 2014	% Change 2015 vs. 2014	2013	$ Change 2014 vs. 2013	% Change 2014 vs. 2013
Revenue	$435.4	$433.0	$ 2.4	1%	$344.1	$88.9	26%
Operating costs and expenses:							
Cost of services and products	345.2	350.0	(4.8)	(1)%	279.8	70.2	25%
Selling, general and administrative	54.0	51.5	2.5	5%	44.6	6.9	15%
Depreciation and amortization	12.3	11.7	0.6	5%	10.5	1.2	11%
Restructuring charges	2.8	—	2.8	n/m	0.7	(0.7)	n/m
Loss on sale or disposal of assets	0.5	—	0.5	n/m	—	—	n/m
Total operating costs and expenses	414.8	413.2	1.6	0%	335.6	77.6	23%
Operating income	$ 20.6	$ 19.8	$ 0.8	4%	$ 8.5	$11.3	n/m
Operating margin	4.7%	4.6%		0.1 pts	2.5%		2.1 pts
Capital expenditures	$ 14.0	$ 11.9	$ 2.1	18%	$ 10.6	$ 1.3	12%

Revenue

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

(dollars in millions)	Year ended December 31, 2015	2014	2013
Strategic business revenue			
Professional services	$ 90.4	$ 70.2	$ 63.9
Management and monitoring	31.0	24.8	19.2
Unified communications	27.1	22.9	18.6
Cloud services	30.9	20.8	16.4
Total strategic business revenue	179.4	138.7	118.1
Integration business revenue			
Professional services	15.1	16.4	11.7
Management and monitoring	—	0.4	0.4
Unified communications	10.7	12.2	13.0
Telecom and IT hardware	230.2	265.3	200.9
Total integration business revenue	256.0	294.3	226.0
Total IT Services and Hardware revenue	$435.4	$433.0	$344.1

We continue to generate revenue growth across all of our strategic products. During 2015 and 2014, our professional services group increased billable headcount and utilization with our existing customer base. In 2013, our professional service group began designing an infrastructure that enables secure, efficient access to data, internet, and shared and cloud applications of our customers' intellectual property. This new service generated an

additional $6.3 million in 2015 and $2.5 million of revenue in 2014. Professional services revenue totaling $3.4 million in 2015 also includes one-time charges for the design and build of a new customer's managed service infrastructure.

The growth in management and monitoring, unified communications and cloud services has primarily been driven by the increase in devices monitored, voice profiles and virtual machines within our current customer base. Additionally, there were new significant contracts signed in 2015 and 2014 with enterprise customers and revenue growth from an existing statewide unified communications engagement with a government entity.

Integration revenue is primarily driven by the volume of Telecom and IT hardware sales reflecting the cyclical fluctuation in capital spending by our enterprise customers, which may be influenced by many factors, including the timing of customers' capital spend, the size of their capital budgets, and general economic conditions.

Operating Costs and Expenses

Cost of services and products is primarily impacted by changes in Telecom and IT hardware sales and headcount related costs. In 2015, costs of Telecom and IT hardware sales decreased $32.0 million compared to 2014. These costs increased $52.6 million in 2014 as related to 2013. In both periods, payroll and contractor costs increased to support the growth of our strategic products.

Selling, general and administrative expenses also increased during both periods due to increased payroll and headcount related costs to support strategic revenue growth.

Restructuring charges during 2015 consisted of employee severance and project related costs for the integration of each segment's business markets and the discontinuation of our advanced cyber-security product offering in the first quarter of 2015. We also abandoned office space in Canada that is no longer in use.

Capital Expenditures

Capital expenditures have increased due to higher spending on equipment to support the growth of our strategic products.

Corporate

Corporate is comprised primarily of general and administrative costs that have not been allocated to the business segments. Corporate costs totaled $22.5 million in 2015, $21.8 million in 2014 and $58.1 million in 2013.

Corporate costs increased by $0.7 million in 2015 compared to the prior year, driven largely by $1.7 million in additional stock-based compensation expense as a result of changes in our stock price and additional restructuring charges. These increases were partially offset by lower legal expenses. Corporate costs decreased by $36.3 million in 2014 compared to the prior year, driven largely by the $42.6 million of transaction related compensation payments recorded in 2013 as a result of the successful IPO of CyrusOne. Restructuring charges were down $3.6 million in 2014 due primarily to severance and consulting fees incurred during 2013 associated with a workforce optimization initiative. The decrease was partially offset by $4.5 million in additional stock-based compensation expense as a result of changes in our stock price. Employee related costs were also up in 2014 as a result of increased healthcare, disability and insurance costs.

Financial Condition, Liquidity, and Capital Resources

Capital Investment, Resources and Liquidity

Short-term view

Our primary source of cash is generated by operations. In 2015, 2014 and 2013, we generated $110.9 million, $175.2 million and $78.8 million, respectively, of cash flows from operations. In 2015 and 2014,

proceeds from the monetization of our CyrusOne investment totaled $643.9 million and $355.9 million, respectively. The Company also received cash totaling $194.4 million from the sale of its wireless spectrum licenses in 2014. Dividends of $22.2 million, $28.4 million and $21.3 million were received from our investment in CyrusOne in 2015, 2014 and 2013, respectively.

Our primary uses of cash are capital expenditures and debt service. In 2015, 2014 and 2013, capital expenditures were $283.6 million, $182.3 million and $196.9 million, respectively. Capital expenditures were higher in 2015 primarily due to an $86.4 million increase in expenditures for expanding Fioptics coverage. Based on the continued demand for our fiber-based products and IT solutions, we expect 2016 total capital expenditures to range between $265 – $275 million. In 2015, 2014 and 2013, debt repayments were $531.7 million, $376.5 million and $530.8 million, respectively. In 2015, the Company redeemed $300.0 million of the outstanding 8¾% Senior Subordinated Notes due 2018, $182.7 million of the outstanding 8⅜% Senior Notes due 2020, $13.7 million of the outstanding 7¼% Notes due 2023 and $5.8 million of the outstanding CBT Notes.

Interest payments were $108.5 million, $153.1 million and $179.5 million in 2015, 2014 and 2013, respectively. Interest payments have declined as we have primarily used cash proceeds from the monetization of our CyrusOne investment and sale of wireless spectrum licenses to repay debt. The decrease from 2013 to 2014 was also due to the extinguishment of the 8¼% Senior Notes due 2017 in October 2013, partially offset by interest on the Tranche B term loan facility. Our contractual debt maturities in 2016, including capital lease obligations, are $13.8 million and associated contractual interest payments are expected to be approximately $75 million.

To a lesser extent, cash is also used to fund our pension obligations, pay preferred stock dividends, and repurchase shares of common stock when the stock price offers an attractive valuation. Cash contributions to our qualified pension plans were $10.3 million, $19.7 million and $42.1 million in 2015, 2014 and 2013, respectively. There are no cash contributions required to our qualified pension plans for 2016. Dividends paid on preferred stock were $10.4 million in each of 2015, 2014 and 2013. We do not currently pay dividends on our common shares, nor do we plan to pay dividends on such shares in 2016. No common shares were repurchased in 2015, 2014 or 2013. As of December 31, 2015, management has authority to repurchase additional common shares with a value of up to $129.2 million under the most recent plan approved by the Board of Directors. This plan does not have a stated maturity date. Management may purchase additional shares in the future to the extent that it is not limited by restrictions in the Corporate Credit Agreement, cash is available, and management believes the share price offers an attractive value.

As of December 31, 2015, we had $272.7 million of short-term liquidity, comprised of $7.4 million of cash and cash equivalents, $175.0 million of undrawn capacity on our Corporate Credit Agreement's revolving credit facility and $90.3 million available under the Receivables Facility. The Receivables Facility permits maximum borrowings of up to $120.0 million and is subject to annual renewal. As of December 31, 2015, the Company had $17.6 million of borrowings and $6.3 million of letters of credit outstanding under the Receivables Facility on a borrowing capacity of $114.2 million. While we expect to continue to renew this facility, we would be required to use cash, our Corporate Credit Agreement, or other sources to repay any outstanding balance on the Receivables Facility if it was not renewed.

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 12 months.

Long-term view, including debt covenants

As of December 31, 2015, the Company had $1.2 billion of outstanding indebtedness and an accumulated deficit of $2.8 billion. A significant amount of indebtedness was previously incurred from the purchase and operation of a national broadband business, which was sold in 2003. In addition to the uses of cash described in the *Short-term view* section above, the Company has to satisfy the above-mentioned long-term debt obligations. The Company has no significant debt maturities until 2020. Contractual debt maturities, including capital leases, are $13.8 million in 2016, $10.6 million in 2017, $27.0 million in 2018, $9.2 million in 2019, $987.4 million in 2020 and $199.3 million thereafter. In addition, we have ongoing obligations to fund our qualified pension plans.

Based on current legislation and current actuarial assumptions, we are not required to make any contributions to our qualified pension plans in 2016. Funding requirements for subsequent years are uncertain and will significantly depend on future actuarial assumption changes. It is also possible that we will use a portion of our cash flows generated from operations for de-leveraging in the future, including discretionary, opportunistic repurchases of debt prior to the scheduled maturities.

As of December 31, 2015, the fair value of our ownership interest in CyrusOne was $257.9 million. We intend to sell down the Company's ownership interest in CyrusOne and use the proceeds to manage our debt and for other general corporate purposes. Our amended Corporate Credit Agreement obligates us to use 85% of the proceeds towards debt repayments, subject to the terms and conditions within the amended agreement.

On November 20, 2012, the Company entered into a new Corporate Credit Agreement which provided for a $200.0 million revolving credit facility, with a sublimit of $30.0 million for letters of credit and a $25.0 million sublimit for swingline loans. In the fourth quarter of 2014, the Company amended and restated its Corporate Credit Agreement to, among other things, modify certain financial covenants governing leverage ratios and capital expenditures. Effective with the sale of our 16.0 million partnership units to CyrusOne, Inc. on June 25, 2014 for $355.9 million, the amount available under the Corporate Credit Agreement's revolving credit facility was reduced to $150.0 million. The Company entered into an Incremental Assumption Agreement to the Company's existing Corporate Credit Agreement on April 6, 2015. Effective with the sale of 14.3 million CyrusOne LP operating partnership units on April 7, 2015, the aggregate available borrowings on the Corporate Credit Agreement's revolving credit facility increased to $175.0 million for the remainder of the term. The Corporate Credit Agreement's revolving credit facility has a maturity date of July 15, 2017. Borrowings under the Corporate Credit Agreement will be used to provide ongoing working capital and for other general corporate purposes of the Company. The Corporate Credit Agreement contains financial covenants that require us to maintain certain leverage and interest coverage ratios and limits our capital expenditures on an annual basis. Capital expenditures are permitted subject to predetermined annual thresholds which are not to exceed $626.4 million in the aggregate over the next three years. The facility also has certain covenants, which, among other things, limit our ability to incur additional debt or liens, pay dividends, sell, transfer, lease, or dispose of assets, and make certain investments or merge with another company. If the Company was to violate any of its covenants and was unable to obtain a waiver, it would be considered in default. If the Company was in default under its Corporate Credit Agreement, no additional borrowings under the credit facility would be available until the default was waived or cured. As of December 31, 2015, the Company was in compliance with the Corporate Credit Agreement covenants.

The Company's most restrictive covenants are generally included in its Corporate Credit Agreement. In order to continue to have access to the amounts available to it under the Corporate Credit Agreement, the Company must remain in compliance with all covenants. The following table presents the calculation of the most restrictive debt covenant, the Consolidated Senior Secured Leverage Ratio, as of and for the year ended December 31, 2015:

(dollars in millions)	
Consolidated Senior Secured Leverage Ratio	2.64
Maximum ratio permitted for compliance	3.50
Consolidated Senior Secured Funded Indebtedness additional availability	$251.4
Consolidated EBITDA clearance over compliance threshold	$ 71.8

Definitions and components of this calculation are detailed in our credit agreement and can be found in the Company's Form 8-K filed on September 10, 2013.

The Company's ability to make restricted payments, which include share repurchases and common stock dividends, is limited to a total of $15 million because its Consolidated Total Leverage Ratio, as defined in the Corporate Credit Agreement, exceeds 3.50 to 1.00 as of December 31, 2015. The Company may make restricted payments of $45 million annually when the Consolidated Total Leverage Ratio is less than or equal to 3.50 to

1.00. There are no limits on restricted payments when the Consolidated Total Leverage Ratio is less than or equal to 3.00 to 1.00. These restricted payment limitations do not impact the Company's ability to make regularly scheduled dividend payments on its 6¾% Cumulative Convertible Preferred Stock. Furthermore, the Company may make restricted payments in the form of share repurchases or dividends up to 15% of CyrusOne proceeds, subject to a $35 million annual cap with carryovers.

The Corporate Credit Agreement was also modified to provide that the Tranche B Term Loan participates in mandatory prepayments subject to the terms and conditions (including with respect to payment priority) set forth in the restated Corporate Credit Agreement. In addition, the Corporate Credit Agreement provides that 85% of proceeds from a CyrusOne monetization are applied to mandatory prepayments under the restated Corporate Credit Agreement, subject to the terms and conditions set forth therein. Other revisions were also affected pursuant to the amended agreement, including with respect to financial covenant compliance levels.

Public Bond Indentures

The Company's public debt, which includes the 8⅜% Senior Notes due 2020, contains covenants that, among other things, limit the Company's ability to incur additional debt or liens, pay dividends or make other restricted payments, sell, transfer, lease, or dispose of assets and make investments or merge with another company. The Company is in compliance with all of its public debt indentures as of December 31, 2015.

One of the financial covenants permits the issuance of additional indebtedness up to a 4:00 to 1:00 Consolidated Adjusted Senior Debt to EBITDA Ratio (as defined by the individual indentures). Once the Company exceeds this ratio, the Company is not in default under the terms of the indentures; however, additional indebtedness may only be incurred in specified permitted baskets, including a basket which allows $900 million of total Corporate Credit Agreement debt (Revolver and Term Loans). We also have baskets for capital lease incurrences, borrowings against the Receivables Facility, refinancings of existing debt, and other debt incurrences. In addition, the Company's ability to make restricted payments, which include share repurchases, repayment of subordinated notes and common stock dividends, would be limited to specific allowances. As of December 31, 2015, the Company was below the 4:00 to 1:00 Consolidated Adjusted Senior Debt to EBITDA ratio, and the Company has access to the restricted payments basket which exceeded $950 million as of December 31, 2015.

Management believes that cash on hand, operating cash flows, its Corporate Credit Agreement and its Receivables Facility, and the expectation that the Company will continue to have access to capital markets to refinance debt and other obligations as they mature and come due, should allow the Company to meet its cash requirements for the foreseeable future.

Cash Flows

Cash flows from operating activities

Cash provided by operating activities during 2015 was $110.9 million, a decrease of $64.3 million compared to 2014. The decrease is primarily due to the Company using $28.0 million of cash in 2015 for shutting down wireless operations compared to the wireless business generating $28.2 million of cash from operations in 2014. The remaining decrease is due to higher usage of working capital, primarily associated with the growth of our strategic products. These decreases were offset by a $44.6 million decline in interest payments and pension and postretirement payments being $10.8 million lower than 2014.

Cash provided by operating activities during 2014 was $175.2 million, an increase of $96.4 million compared to 2013. This increase was largely driven by a decrease in pension and postretirement payments of $30.8 million and a decrease in cash interest payments of $26.4 million compared to the prior year. In addition, the increase is due to the payment of $42.6 million of transaction related compensation in 2013.

Cash flows from investing activities

Cash flows provided by investing activities were $383.2 million in 2015, a decrease of $9.4 million compared to the prior year. The decrease in 2015 was driven by a $101.3 million increase in capital expenditures, primarily related to the acceleration of our fiber investment, and the $194.4 million of cash proceeds received on the sale of wireless spectrum licenses in the third quarter of 2014. These decreases were offset by a $288.0 million increase in the cash proceeds from the sale of the Company's CyrusOne investment in 2015 compared to the proceeds received in 2014. Dividends received from CyrusOne were down $6.2 million compared to the prior year.

Cash flows provided by investing activities were $392.6 million in 2014 compared to cash used by investing activities of $185.4 million in 2013. The increase in 2014 compared to the prior year is primarily due to the $355.9 million of cash proceeds received on the sale of the Company's CyrusOne investment, in addition to cash proceeds totaling $194.4 million that were received as a result of the completed wireless spectrum license sale. The deconsolidation of CyrusOne in 2013 increased cash used in investing activities by $19.5 million for the period January 1, 2013 through January 23, 2013. Excluding CyrusOne, capital expenditures in 2014 were down $6.9 million from the prior year largely due to a decreased investment in the wireless network. Dividends received from CyrusOne were up $7.1 million compared to 2013.

Proceeds from the sale of assets were $1.0 million in 2015 and $2.0 million in 2014 and 2013, respectively. Other cash used in investing activities totaled $0.3 million and $5.8 million in 2015 and 2014, respectively, and are the result of two equity method investments.

Cash flows from financing activities

Cash flows used by financing activities were $544.6 million in 2015. Debt repayments totaling $531.7 million were primarily due to the redemption of $300.0 million of the outstanding 8¾% Senior Subordinated Notes due 2018 at 102.188%, the redemption of $182.7 million of the outstanding 8⅜% Senior Notes due 2020 at an average rate of 105.543% and the redemption of $13.7 million of the outstanding 7¼% Notes due 2023 at 99.853% in the fourth quarter. In addition, $5.8 million of the outstanding CBT Notes were redeemed at an average rate of 90.840% in the fourth quarter. In 2015, we repaid $1.6 million of the outstanding balances on the Corporate Credit Agreement and Receivables Facility.

Cash flows used by financing activities were $514.5 million in 2014. Debt repayments totaling $376.5 million were primarily due to the redemption of $325.0 million of the outstanding 8¾% Senior Subordinated Notes due 2018 at 104.375% and the $22.7 million repayment of the outstanding 8⅜% Senior Note due 2020 at par. In addition, cash proceeds from the sale of the wireless spectrum licenses were used to repay $127.0 million on the Corporate Credit Agreement and Receivables Facility.

Cash flows provided by financing activities were $87.6 million in 2013. The Company received $529.8 million in net proceeds from the Tranche B Term Loan on September 10, 2013. In 2013, the Company also had net borrowings of $54.2 million under its Receivables Facility and $40.0 million under its Corporate Credit Agreement. We also received cash proceeds of $7.1 million from the exercise of stock options and warrants. Proceeds of the Tranche B Term Loan were used to redeem all of the Company's $500.0 million 8¼% Senior Notes on October 15, 2013 at a redemption price of 104.125%.

Dividends paid on preferred stock totaled $10.4 million in 2015, 2014 and 2013.

Future Operating Trends

Entertainment and Communications

For the second consecutive year, we generated year-over-year Entertainment and Communications revenue growth as demand for Fioptics and fiber-based products more than offset revenue declines from our legacy products. During 2015, we invested $223.9 million in our strategic Entertainment and Communications products and revenue from these products increased 18%, totaling $365.7 million for the year.

The Company's primary strategic product for residential customers is Fioptics, which is available to 432,000 addresses or approximately 53% of Greater Cincinnati. In 2015, we invested $86.5 million to pass 97,000 homes with Fioptics and capital expenditures related to customer installations totaled $50.2 million. In addition, we invested $42.8 million to enhance the user experience as well as upgrade the network core and related equipment to support increased subscriber growth. Fioptics revenue totaled $190.8 million in 2015, up 34% compared to the prior year as demand for the product remains strong. Our Fioptics high-speed subscribers increased by 35% from a year ago, totaling 153,700 as of December 31, 2015. Fioptics video subscribers totaled 114,400 at year-end, up 25% from 2014.

During 2016, we expect to encounter continued competition related to providing data, voice and video services as demand for faster data speeds continues to increase. In 2016, we plan to invest approximately $160 million in Fioptics, including construction, installation and value-added services. Our goal is to pass an additional 70,000 addresses during the year. In addition, in March 2016 we are launching our "MyTV" service, which gives consumers the ability to tailor content packages to their specific interests and simultaneously maximize the value of their monthly subscriptions.

Strategic revenue from business customers totaled $137.1 million (including $10.0 million from Fioptics), up 10% from a year ago. Strategic revenue from carrier customers totaled $37.7 million, up 5% compared to the prior year after excluding revenue from services provided to our discontinued wireless business. For our business and carrier customers, strategic products include: high-speed internet and data transport, audio conferencing, as well as VoIP and other broadband services, including private line and MPLS. In 2015, we invested $44.4 million in capital expenditures for fiber builds, which bring measurable deal driven returns from our business customers. The Company has connected approximately 7,500 business buildings with fiber-based services (also referred to as a lit building), including more than 630 multi-tenant units (MTU's) lit with fiber, expanding the fiber network to more than 8,100 route miles. We also provide cell site back-haul services to more than 70% of the 1,100 cell sites in-market, of which approximately 500 are lit with fiber. We expect to continue to light additional MTU's and towers with fiber during 2016 to address customer demand.

In 2016, including our Fioptics capital expenditures, we expect to invest approximately $210 to $220 million in our strategic products, and believe the growth in our strategic product revenue will continue to more than offset the decline from our legacy products, which include local voice, DSL, long distance and low-bandwidth data transport services. Revenue from legacy products totaled $367.7 million in 2015, down 11% compared to the prior year due to a 14% loss of legacy voice lines and a 6% loss of long distance lines as wireless substitution continues. DSL subscribers also decreased in 2015, and the trend is expected to continue as customers switch to higher speed services, such as our Fioptics product.

IT Services and Hardware

Revenue for strategic IT services was $179.4 million in 2015, up 29%, driven by higher customer demand for professional services and managed service offerings such as management and monitoring, unified communications and cloud services. Our goal is to generate similar growth rates in 2016 in addition to exploring alternatives to increase the scale of our IT services and Hardware segment. We will continue to foster ongoing relationships with our customers, and we are also focused on enhancing our presence with small and mid-size businesses located in and around Greater Cincinnati. As we successfully migrate customers from legacy solutions onto our fiber network, our results indicate we are able to increase average revenue per customer once this transition occurs.

Demand for Telecom and IT hardware is cyclical in nature. That is, in periods of fiscal restraint, a customer may defer these capital purchases and, instead, use its existing equipment for a longer period of time. Consequently, Telecom and IT Hardware sales in 2016 are somewhat dependent on the business economy and outlook in 2016.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2015 and includes contractual obligations associated with discontinued operations:

	Payments due by Period				
(dollars in millions)	Total	< 1 Year	1-3 Years	3-5 Years	Thereafter
Long-term debt, excluding capital leases (1)	$1,179.7	$ 5.9	$ 28.6	$ 990.2	$155.0
Capital leases (2)	67.6	7.9	9.0	6.4	44.3
Interest payments on long-term debt, capital leases, and other financing arrangements (3)	453.0	76.2	149.9	139.7	87.2
Non-cancellable operating lease obligations	37.0	3.9	6.3	4.8	22.0
Purchase obligations (4)	165.6	140.7	24.3	0.6	—
Pension and postretirement benefits obligations (5)	67.6	12.4	17.0	21.0	17.2
Unrecognized tax benefits (6)	27.6	—	—	—	27.6
Other liabilities (7)	28.1	12.1	2.8	1.0	12.2
Total	$2,026.2	$259.1	$237.9	$1,163.7	$365.5

(1) Long-term debt excludes net unamortized discounts and premiums.
(2) Includes capital lease obligations and the associated asset retirement obligations primarily related to wireless towers and vehicles used in the deployment of our fiber network.
(3) Interest payments on both fixed and variable rate long-term debt, capital leases, and other financing arrangements assuming no early payment of debt in future periods. The interest rate applied on variable rate borrowings is the rate in effect as of December 31, 2015.
(4) Purchase obligations primarily consist of amounts under open purchase orders and open blanket purchase orders for purchases of network, IT and telephony equipment, and other goods; contractual obligations for services such as software maintenance and outsourced services; and other purchase commitments.
(5) Included in pension and postretirement benefit obligations are payments for postretirement benefits, qualified pension plans, non-qualified pension plan and other employee retirement agreements. Amounts for 2016 include approximately $10 million expected to be contributed for postretirement benefits. Although the Company expects to continue operating the plans past 2016, its contractual obligation related to postretirement obligations only extends through 2016. Amounts for 2016 through 2023 include approximately $38 million of estimated cash contributions to its qualified pension plans, but no contributions are expected to be made until 2018. Expected qualified pension plan contributions are based on current plan design, legislation and current actuarial assumptions. Any changes in plan design, legislation or actuarial assumptions may also affect the expected contribution amount.
(6) Includes the portion of liabilities related to unrecognized tax benefits. If the timing of payments cannot be reasonably estimated for unrecognized tax benefits, these liabilities are included in the "Thereafter" column of the table above.
(7) Includes contractual obligations primarily related to restructuring reserves, asset removal obligations, long-term disability obligations, workers compensation liabilities and long-term incentive plan obligations.

The contractual obligations table is presented as of December 31, 2015. The amount of these obligations can be expected to change over time as new contracts are initiated and existing contracts are completed, terminated, or modified.

Contingencies

We are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe that the amounts provided in our consolidated financial statements, as prescribed by generally accepted accounting principles are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, including the matters

discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2015, cannot be reasonably determined.

Based on information currently available, consultation with counsel, available insurance coverage and established reserves, management believes that the eventual outcome of all outstanding claims will not, individually or in the aggregate, have a material effect on the Company's financial position, results of operations or cash flows.

Off-Balance Sheet Arrangements

Indemnifications

During the normal course of business, the Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. These include: (a) intellectual property indemnities to customers in connection with the use, sale, and/or license of products and services, (b) indemnities to customers in connection with losses incurred while performing services on their premises, (c) indemnities to vendors and service providers pertaining to claims based on negligence or willful misconduct, (d) indemnities involving the representations and warranties in certain contracts, and (e) outstanding letters of credit which totaled $6.3 million as of December 31, 2015. In addition, the Company has made contractual commitments to several employees providing for payments upon the occurrence of certain prescribed events. The majority of these indemnities, commitments, and guarantees do not provide for any limitation on the maximum potential for future payments.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. Application of these principles requires management to make estimates or judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates or judgments. Certain accounting policies inherently have a greater reliance on the use of estimates, and, as such, have a greater possibility of producing results that could be materially different than originally reported.

Our most significant accounting policies are presented in Note 1 to the consolidated financial statements. Management views critical accounting policies to be those policies that are highly dependent on subjective or complex judgments, estimates or assumptions, and where changes in those estimates and assumptions could have a significant impact on the consolidated financial statements. We have discussed our most critical accounting policies, judgments and estimates with our Audit and Finance Committee.

The discussion below addresses major judgments used in:

- revenue recognition;
- accounting for allowances for uncollectible accounts receivable;
- reviewing the carrying value of goodwill;
- reviewing the carrying values of long-lived assets;
- accounting for discontinued operations;
- accounting for income taxes; and
- accounting for pension and postretirement expenses.

Revenue Recognition — The Company adheres to revenue recognition principles described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 605, "Revenue Recognition." Under ASC 605, revenue is recognized when there is persuasive evidence of a sale arrangement, delivery has occurred or services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured.

With respect to arrangements with multiple deliverables, we determine whether more than one unit of accounting exists in an arrangement. To the extent that the deliverables are separable into multiple units of accounting, total consideration is allocated to the individual units of accounting based on their relative fair value determined by the price of each deliverable when it is regularly sold on a stand-alone basis. Revenue is recognized for each unit of accounting as delivered, or as service is performed, depending on the nature of the deliverable comprising the unit of accounting.

Entertainment and Communications — Revenues from local telephone, data transport, internet products and video services, which are billed monthly prior to performance of service, are not recognized upon billing or cash receipt but rather are deferred until the service is provided. Long distance, switched access and video usage pay-per-view are billed monthly in arrears. Entertainment and Communications bills service revenue in regular monthly cycles, which are spread throughout the days of the month. As the last day of each billing cycle rarely coincides with the end of the reporting period for usage-based services such as long distance and switched access, we must estimate service revenues earned but not yet billed. Our estimates are based upon historical usage, and we adjust these estimates during the period in which actual usage is determinable, typically in the following reporting period.

Initial billings for Entertainment and Communications service connection and activation are deferred and amortized into revenue on a straight-line basis over the average customer life. The associated connection and activation costs, to the extent of the upfront fees, are also deferred and amortized on a straight-line basis over the average customer life.

Pricing of local voice services is generally subject to oversight by both state and federal regulatory commissions. Such regulation also covers services, competition and other public policy issues. Various regulatory rulings and interpretations could result in increases or decreases to revenue in future periods.

*IT Services and Hardware — S*ervices are generally recognized as the service is provided. Maintenance on telephony equipment is deferred and recognized ratably over the term of the underlying customer contract, generally one to three years.

Equipment revenue is recognized upon the completion of our contractual obligations, such as delivery or customer acceptance. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

The Company is a reseller of IT and telephony equipment. For these transactions, we consider the gross versus net revenue recording criteria of ASC 605. Based on this criteria, these equipment revenues and associated costs have generally been recorded on a gross basis, rather than recording the revenues net of the associated costs. Vendor rebates are earned on certain equipment sales. When the rebate is earned and the amount is determinable, we recognize the rebate as an offset to cost of products sold.

Discontinued Operations — Postpaid wireless and reciprocal compensation were billed monthly in arrears. Wireless billed service revenue in regular monthly cycles, which were spread throughout the days of the month. As the last day of each billing cycle rarely coincided with the end of the reporting period for usage-based services such as postpaid wireless, we estimated service revenues earned but not yet billed. Our estimates were based upon historical usage, and we adjusted these estimates during the period in which actual usage is determinable, typically in the following reporting period.

Revenue from prepaid wireless service, which was collected in advance, was not recognized upon billing or cash receipt, but rather deferred until the service was provided.

Wireless handset revenue and the related activation revenue were recognized when the products were delivered to and accepted by the customer, as this is considered to be a separate earnings process from the sale of wireless services. Wireless equipment costs were also recognized upon handset sale and were generally in excess of the related handset and activation revenue. Termination fees were recognized as revenue to the extent collection was deemed reasonably assured.

Accounting for Allowances for Uncollectible Accounts Receivable — The allowance for uncollectible accounts is determined using historical percentages of credit losses applied to outstanding aged receivables, as well as specific provisions for certain identifiable, potentially uncollectible balances. Management believes its allowance for uncollectible accounts represents a reasonable estimate of future credit losses. However, if one or more of our larger customers were to default on its accounts receivable obligations, or if general economic conditions in our operating area deteriorated, our future credit losses could exceed the amount recognized in the allowance for uncollectible accounts receivable. Most of our outstanding accounts receivable balances are with companies located within our geographic operating areas. As of December 31, 2015 and 2014, receivables with one large customer, GE, comprised 22% and 26%, respectively, of the Company's total accounts receivable. Our Entertainment and Communications and IT Services and Hardware comprise 93% and 7% of the allowance for uncollectible accounts receivable as of December 31, 2015, respectively.

Reviewing the Carrying Value of Goodwill — The Company adheres to the amended guidance under ASC 350-20 in testing goodwill for impairment. Under this revised guidance, the Company has the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. A qualitative analysis was performed in 2015 and 2014. The Company performs impairment testing of goodwill on an annual basis or when events or changes in circumstances indicate that an asset may be impaired. We perform our annual impairment tests in the fourth quarter when our five-year plan is updated.

Management estimates the fair value of each reporting unit using a combination of valuation methods, including both income-based and market-based methods. The income-based approach utilizes a discounted cash flow model using projected cash flows derived from the five-year plan, adjusted to reflect market participants' assumptions. Expected future cash flows are discounted at the weighted average cost of capital applying a market participant approach. The market-based approach utilizes earnings multiples from comparable publicly-traded companies. No goodwill impairment losses were recognized in 2015, 2014 or 2013.

Changes in certain assumptions could have a significant impact on the impairment tests for goodwill. The most critical assumptions are projected future growth rates, operating margins, capital expenditures, terminal values and discount rate selection. These assumptions are subject to change as the Company's long-term plans and strategies are updated each year.

Reviewing the Carrying Values of Long-Lived Assets — Depreciation of our Entertainment and Communications telephone plant is determined on a straight-line basis using the group depreciation method. Depreciation of other property, except for leasehold improvements, is based on the straight-line method over the estimated economic useful life. Depreciation of leasehold improvements is based on a straight-line method over the lesser of the economic useful life or term of the lease, including option renewal periods if renewal of the lease is reasonably assured. Repair and maintenance expense items are charged to expense as incurred.

The useful lives of plant and equipment are estimated in order to determine the amount of depreciation expense to be recorded during any reporting period. The majority of Entertainment and Communications' plant and equipment is depreciated using the group method, which develops a depreciation rate annually based on the average useful life of a specific group of assets rather than for each individual asset as would be utilized under the unit method. Such estimated life of the group is based on historical experience with similar assets, as well as taking into account anticipated technological or other changes.

If technological changes were to occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation expense in future periods. Likewise, if the anticipated technological or other changes occur more slowly than expected, the life of the group could be extended based on the life assigned to new assets added to the group. This could result in a reduction of

depreciation expense in future periods. Competition from new or more cost effective technologies could affect our ability to generate cash flow from our network-based services. This competition could ultimately result in an impairment of certain of our tangible or intangible assets and have a substantial impact on our future operating results. A one-year change in the useful life of these assets would increase or decrease annual depreciation expense by approximately $28 million.

In the fourth quarter of 2015, we reduced the estimated remaining useful life of our copper plant from 15 years to 7 years as customers are increasingly migrating to fiber-based service offerings from those previously provided by our copper network. As a result of the change in estimate, Entertainment and Communications' depreciation and amortization expense is expected to increase approximately $7 million in 2016.

Management reviews the carrying value of long-lived assets, other than goodwill discussed above, when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the estimated future undiscounted cash flows expected to result from the use of an asset (or group of assets) and its eventual disposition is less than its carrying amount. An impairment loss is measured as the amount by which the asset's carrying value exceeds its estimated fair value. Long-lived intangible assets are amortized based on the estimated economic value generated by the asset in future years.

In the fourth quarter of 2014, an impairment loss of $4.6 million was incurred by the Entertainment and Communications segment to account for an abandoned internal use software project.

Accounting for Discontinued Operations — In accounting for discontinued operations, we follow ASC 205-20, "Presentation of Financial Statements — Discontinued Operations," which requires the recording of the results of operations of a component of an entity that either has been disposed of or is classified as held for sale would be reported as a discontinued operation in the financial statements of the Company.

In the first quarter of 2015, the closing of our wireless operations represented a strategic shift in our business. Therefore, certain wireless assets, liabilities and results of operations are reported as discontinued operations in our consolidated financial statements. Accordingly, the Company has recast its prior period results to be comparable with the current discontinued operations presentation with the exception of the Consolidated Statements of Comprehensive Income, Consolidated Statements of Shareowners' Deficit and Consolidated Statements of Cash Flows. See Footnote 1 and Footnote 3 for additional disclosures.

Accounting for Income Taxes — The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as various foreign, state and local jurisdictions. The Company's previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires. With a few exceptions, the Company is no longer subject to U.S. federal, state or local examinations for years prior to 2012.

The Company has net operating loss carryforwards at the federal, state, local and foreign levels. Federal tax loss carryforwards are available to offset taxable income in current and future periods. The majority of these tax loss carryforwards will expire in 2023 and are not currently limited under U.S. tax laws. The ultimate realization of the deferred income tax assets depends upon our ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards. Based on current income levels and anticipated future reversal of existing temporary differences, management expects to fully utilize its federal net operating loss carryforwards within their expiration periods. However, realization of certain state, local and foreign net operating losses, as well as other deferred tax assets, is not certain.

A valuation allowance of $58.4 million and $64.4 million has been recognized as of December 31, 2015 and 2014, respectively. While the valuation allowance is primarily against state, local, and foreign net operating losses, it also includes $10.2 million of allowances against Texas margin credits, which effective with CyrusOne's IPO on January 24, 2013, are unlikely to be realized before their expiration date. In 2015, we reduced the valuation allowance by $2.6 million for expiring net operating losses and state rate changes.

As of December 31, 2015 and 2014, the liability for unrecognized tax benefits was $27.6 million and $27.1 million, respectively. As of December 31, 2015, the amount of unrecognized tax benefits that, if recognized,

would affect the effective tax rate is $27.3 million. Accrued interest related to unrecognized tax benefits is recognized in interest expense.

Accounting for Pension and Postretirement Expenses — In accounting for pension and postretirement expenses, we apply ASC 715, "Compensation — Retirement Benefits." A liability has been recognized on the Consolidated Balance Sheets for the unfunded status of the pension and postretirement plans. Actuarial gains (losses) and prior service costs that arise during the period are recognized as a component of accumulated other comprehensive loss on the Consolidated Balance Sheets.

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees, and one supplemental, nonqualified, unfunded plan for certain former senior executives. We also provide healthcare and group life insurance benefits for eligible retirees. The measurement date for our pension and postretirement obligations is as of December 31. When changes to the plans occur during interim periods, management reviews the changes and determines if a remeasurement is necessary.

Pension plan amendments were approved in May 2013, and the Company remeasured the associated pension obligations. As a result of the pension plan amendment, the Company recorded a curtailment gain of $0.6 million and a $10.3 million reduction to the associated pension obligations in the second quarter of 2013. Also, in August 2013, the Company approved several amendments to the postretirement plan that required a remeasurement of the associated benefit obligations. As a result, the Company recorded a $26.1 million reduction to the postretirement liability in the third quarter of 2013. No amendments to the plan were proposed in 2014. During the second quarter of 2015, the bargained pension plan was amended to eliminate all future pension credits and transition benefits. As a result, the Company recognized a curtailment loss of $0.3 million in the three months ended June 30, 2015 and remeasured the associated pension obligation. This remeasurement resulted in a decrease of the pension liability by $1.7 million.

The measurement of our pension and postretirement projected benefit obligations involves significant assumptions and estimates. Each time we remeasure our projected benefit obligations, we reassess the significant assumptions and estimates. The actuarial assumptions attempt to anticipate future events and are used in calculating the expenses and liabilities related to these plans. The most significant of these numerous assumptions, which are reviewed annually, include the discount rate, expected long-term rate of return on plan assets and healthcare cost trend rates.

Discount rate

A discount rate is used to measure the present value of projected benefit obligations. The discount rate for each plan is individually calculated based upon the timing of expected future benefit payments. Our discount rates are derived based upon a yield curve developed to reflect yields available on high-quality corporate bonds as of the measurement date. As of December 31, 2015 and 2014, the discount rate used to value the pension plans was 3.80% and 3.40%, respectively, while the discount rate used to value the postretirement plans was 3.70% and 3.40%, respectively. Higher rates of interest available on high-quality corporate bonds drove the increase in the discount rates in 2015.

Expected rate of return

The expected long-term rate of return on plan assets, developed using the building block approach, is based on the mix of investments held directly by the plans and the current view of expected future returns, which is influenced by historical averages. The required use of an expected versus actual long-term rate of return on plan assets may result in recognized pension expense or income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns. As of December 31, 2015 and 2014, the estimated long-term rate of return on pension plan assets was 7.75%. The long-term rate of return on post-retirement plan assets was estimated to be zero in both periods as these plans have minimal assets with a low rate of return. Actual asset returns for the

pension trusts was a loss of 2% in 2015 and gains of 12% in 2014 and 16% in 2013. In our pension calculations, we utilized the market-related value of plan assets, which is a calculated asset value that recognizes changes in asset fair values in a systematic and consistent manner. Differences between actual and expected returns are recognized in the market-related value of plan assets over five years.

Healthcare cost trend

Our healthcare cost trend rate is developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. As of both December 31, 2015 and 2014, the healthcare cost trend rate used to measure the postretirement health benefit obligation was 6.5%. As of December 31, 2015, the healthcare cost trend rate is assumed to decrease gradually to 4.5% by the year 2020.

The actuarial assumptions used may differ materially from actual results due to the changing market and economic conditions and other changes. Revisions to and variations from these estimates would impact liabilities, equity, cash flow, costs of services and products and selling, general and administrative expenses.

The following table represents the sensitivity of changes in certain assumptions related to the pension and postretirement plans as of December 31, 2015:

		Pension Benefits		Postretirement and Other Benefits	
(dollars in millions)	**% Point Change**	**(Decrease)/ Increase in Obligation**	**(Decrease)/ Increase in Expense**	**(Decrease)/ Increase in Obligation**	**(Decrease)/ Increase in Expense**
Discount rate	+/- 0.5%	($25.3)/$25.3	($0.8)/$0.8	($3.9)/$4.3	($0.1)/$0.1
Expected return on assets	+/- 0.5%	n/a	$1.9/($1.9)	n/a	$0.1/($0.1)
Healthcare cost trend rate	+/- 1.0%	n/a	n/a	$4.2/($3.8)	$0.2/($0.1)

At December 31, 2015 and 2014, unrecognized actuarial net losses were $312.1 million and $332.4 million, respectively. The unrecognized net losses have been primarily generated by differences between assumed and actual rates of return on invested assets, changes in discount rates and healthcare costs. Because gains and losses reflect refinements in estimates as well as real changes in economic values and because some gains in one period may be offset by losses in another or vice versa, we are not required to recognize these gains and losses in the periods that they occur. Instead, if the gains and losses exceed a 10% corridor defined in the accounting literature, we amortize the excess over the average expected future working lifetime of active plan participants for the pension and bargained postretirement plans (approximately 9-13 years) and average life expectancy of retirees for the management postretirement plan (approximately 17 years).

Regulatory Matters and Competitive Trends

Federal — The Telecommunications Act of 1996 (the “Act”) was enacted with the goal of establishing a pro-competitive, deregulatory framework to promote competition and investment in advanced telecommunications facilities and services to all Americans. From 1996 to 2008, federal regulators considered a multitude of proceedings ostensibly aimed at promoting competition and deregulation. Although the Act called for a deregulatory framework, the Federal Communications Commission’s (“FCC”) approach has been to maintain significant regulatory restraints on the traditional incumbent local exchange carriers (“ILECs”) while increasing opportunities for new competitive entrants and new services by applying minimal regulation. Since 2009, federal regulators have devoted considerable attention to initiatives aimed at promoting investment in and adoption of advanced telecommunications services, particularly broadband Internet access services. In addition, more recently, the FCC has been focusing on efforts that it believes will promote competition, consumer protection, universal service and public safety and national security.

The financial impact of the various federal proceedings depends on many factors including the extent of competition, the timing of the FCC’s decisions and the outcome of any appeals of those decisions.

Universal Service

The federal Universal Service Fund ("USF") is funded via an assessment on the interstate end-user revenue of all telecommunications carriers and interconnected VoIP providers. The assessment is used to support high cost, low income, rural healthcare and school and library programs.

In October 2011, the FCC adopted new rules (Report and Order in WC Docket No. 10-90, FCC 11-161, the "Order") aimed at controlling the size of the high-cost portion of the fund and transitioning it from supporting legacy circuit-switched networks to broadband. The Order capped the high-cost fund and established a framework for transitioning support to the new Connect America Fund ("CAF") to bring broadband to unserved areas. Phase I reforms froze existing high-cost support and provided a mechanism for distributing additional support for qualifying price cap companies. Under Phase II, $1.8 billion of annual support is available to expand broadband in unserved areas served by price cap ILECs. In August 2015, price cap ILECs, which had the right of first refusal, accepted over $1.5 billion of the annual Phase II support which was available to them. The remaining support will eventually be distributed via a competitive bidding process. Carriers accepting the Phase II support commitment will have the funds available for a six-year period. CBT accepted $2.2 million in annual Phase II support beginning in 2015 in exchange for a commitment to expand broadband to 6,339 Kentucky locations and 745 Ohio locations by the end of 2020.

During 2013, the FCC took several steps to reform the low income support program adopted in 2012 in order to control the cost of this portion of the fund. The reforms, aimed primarily at eliminating waste, fraud and abuse in the Lifeline program require participating carriers to access the National Lifeline Accountability Database before enrolling any new Lifeline subscribers. Although CBT remains a Lifeline provider its Lifeline subscriber base has dropped to less than 5,000 due to the stricter recertification requirements and customer migration to wireless Lifeline providers.

During 2014, the FCC adopted two orders reforming the Schools and Libraries component of the Universal Service Fund. The first order adopted a plan for phasing out support for voice services and allotted $1 billion per year for the next two years for funding Wi-Fi and other services to provide connectivity within schools and libraries. The second order, adopted in late 2014, increased the cap on the Schools and Libraries fund to $3.9 billion per year. These decisions may result in changes in the mix of services that schools and libraries purchase from the Company and will increase the USF assessment on carriers to pay for the increased funding levels. However, because the assessments are generally fully passed on to consumers, the increased assessment should be neutral for the Company.

Intercarrier Compensation

In October 2011, in conjunction with its reform of the USF high cost support program, the FCC adopted comprehensive reforms to the switched access and reciprocal compensation rules which govern the means by which carriers compensate one another for use of their networks. The end point of the reforms is a bill-and-keep system under which all per-minute intercarrier charges are eliminated.

Terminating switched access and reciprocal compensation rates are being phased out over a six-year period concluding in 2018 for CBT and other price cap carriers. The plan establishes a mechanism whereby ILECs are permitted to recover some of the lost revenue from increased end-user charges. The transition and recovery mechanism for originating access and transport rates has not yet been established by the FCC. The impact of these reforms for the Company primarily falls on CBT and the reforms increase each year during the six-year transition to bill-and-keep. The Company's terminating switched access and reciprocal compensation revenue subject to these rules was estimated to be less than $7 million in total at the beginning of the transition and will be phased out to zero at the end of the transition. The potential to offset these losses via increased end-user charges primarily depends on competitive conditions in the ILEC operating area.

Special Access

In 2005, the FCC opened a proceeding to review the current special access pricing rules. Under the existing rules, special access services are subject to price cap regulation with no earnings cap, and ILECs are entitled to

pricing flexibility in metropolitan statistical areas served by a sufficient number of competitors. The special access review proceeding examines the entire special access pricing structure, including whether or not to reinstate an earnings cap and whether the pricing flexibility rules should be modified. During 2012, the FCC suspended the grant of any new pricing flexibility requests and issued a mandatory data request. Responses to the data request were provided in the first quarter of 2015 and are still being analyzed by the FCC and participating parties. The impact and timing of any action by the FCC resulting from this review is still uncertain.

IP Transition

In late 2013, the FCC opened a proceeding to explore how to transition from the legacy circuit-switched Time-division Multiplexing (“TDM”) networks to Internet Protocol (“IP”) networks. Examination of the myriad of technical, legal and policy issues surrounding the IP transition moved to the forefront during 2014 and is likely to receive increasing prominence on the FCC’s agenda over the next several years. During 2015, the FCC adopted several orders imposing additional requirements on service providers, requiring additional disclosures to consumers when new technologies are used to provide voice service and making it more burdensome for ILECs to retire copper facilities. Additional rules the FCC may adopt in this proceeding include setting parameters for how carriers must transition from TDM to IP-based networks and the positive and/or negative consequences for virtually all providers of TDM and IP-based services.

Broadband Internet Access/Net Neutrality

In an order adopted in 2005, the FCC provided wireline carriers the option of offering broadband Internet access as a non-regulated information service (comparable treatment to cable modem Internet access at that time) or as a regulated telecommunications service. In 2007, CBT elected the non-regulated information service designation for its broadband Internet access service. The FCC also ruled that wireless broadband service is a non-regulated information service, placing it on the same regulatory footing as other broadband services such as cable modem service and wireline DSL service.

In conjunction with the adoption of the 2005 wireline broadband Internet access order, the FCC adopted a policy statement intended to ensure that broadband networks are widely deployed, open, affordable and accessible to all consumers. In April 2010, the D.C. Circuit Court of Appeals issued an opinion finding that an FCC enforcement action regarding Comcast’s network management practices exceeded the FCC’s authority, causing the FCC to reassess its approach to crafting net neutrality rules. In December 2010, the FCC adopted net neutrality rules that required broadband providers to publicly disclose network management practices, restricted them from blocking Internet content and applications, and prohibited fixed broadband providers from engaging in unreasonable discrimination in transmitting traffic. In January 2014, the D.C. Circuit Court of Appeals vacated the net neutrality order’s anti-blocking and anti-discrimination requirements finding that they were akin to common carrier regulation. However, the Court upheld the transparency and disclosure requirements and found that the FCC has general authority under Section 706 of the Communications Act to promulgate rules to encourage broadband deployment. In response to the Court’s decision, the FCC adopted new rules in February 2015 under which it reclassified broadband Internet access as a telecommunications service under Title II of the Communications Act. Although the FCC at this time decided to forbear from applying many of the traditional common carrier regulations to the reclassified broadband Internet access service, the potential for more onerous utility-style regulation (for example, rate regulation) adds uncertainty regarding the ultimate regulatory treatment of broadband Internet access service. The new rules adopted by the SEC in February 2015 have been appealed by numerous parties, and a decision from the D.C. Circuit Court of Appeals is expected in the first half of 2016. In the near-term, the Company foresees little impact from the new rules.

State — CBT has operated under alternative regulation plans for its local services since 1994. These plans restrict the ability to increase the price of basic local service and related services but, in return, prevent CBT from being subject to an earnings cap. Under alternative regulation, price increases and enhanced flexibility for some services partially offset the effect of fixed pricing for basic local service and reduced pricing for other, primarily wholesale services.

In September 2010, the Ohio General Assembly enacted Substitute Senate Bill 162, which revised state policy concerning the provision of telecommunications service, repealed Ohio's existing alternative regulation legislation, and authorized pricing flexibility for ILEC basic local exchange service upon a competitive showing by the ILEC. In December 2010, CBT filed an application with the PUCO under the new rules to receive pricing flexibility in its four Ohio exchanges that did not have pricing flexibility under alternative regulation. The application was approved in January 2011. Furthermore, the legislation provided cost savings and revenue opportunities resulting from revision of the PUCO's retail rules and service standards that were effective in January 2011. On June 30, 2015, the state budget bill ("HB 64") was signed and included provisions that could relieve ILECs from their carrier of last resort obligations, pending the outcome of the FCC's IP Transition proceeding. As part of the provisions of HB 64, the PUCO is currently conducting a process that would assist in the identification of Basic Local Exchange Service ("BLES") customers that might not have a competitive alternative should the ILEC withdraw BLES as part of its transitioning from a circuit-switched TDM network to an IP Network. The new rules have the potential to provide CBT with substantial regulatory relief in Ohio in the future; however, there is no impact in the near-term.

CBT entered into its existing alternative regulation plan in Kentucky in July 2006 under terms established by the Kentucky General Assembly in House Bill No. 337. Under this plan, basic local exchange service prices were capped in exchange for earnings freedom and pricing flexibility on other retail services. The caps on basic local exchange service prices expired in July 2011 providing CBT with flexibility to increase rates for basic local exchange service.

Ohio, Kentucky and Indiana Cable Franchises

The states of Ohio and Indiana permit statewide video service authorization. The Company is now authorized by Ohio and Indiana to provide service in our self-described territory with only 10-day notification to the local government entity and other providers. The authorization can be amended to include additional territory upon notification to the state. A franchise agreement with each local franchising authority is required in Kentucky. The Company has reached an agreement with seventeen franchising authorities in Kentucky and is negotiating with several others to enable the Company to offer video in additional markets as it builds out its broadband network in the designated CAF funding areas.

Recently Issued Accounting Standards

Refer to Note 2 of the consolidated financial statements for further information on recently issued accounting standards. With the exception of adopting ASC 205 Presentation of Financial Statements — Discontinued Operations and ASU 2015-17 Balance Sheet Classification of Deferred Taxes, the adoption of new accounting standards did not have a material impact on the Company's financial results for the years ended December 31, 2015, 2014 or 2013.

Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement

This Form 10-K contains "forward-looking" statements, as defined in federal securities laws including the Private Securities Litigation Reform Act of 1995, which are based on our current expectations, estimates, forecasts and projections. Statements that are not historical facts, including statements about the beliefs, expectations and future plans and strategies of the Company, are forward-looking statements. Actual results may differ materially from those expressed in any forward-looking statements. The following important factors, among other things, could cause or contribute to actual results being materially and adversely different from those described or implied by such forward-looking statements including, but not limited to:

- the Company operates in highly competitive industries, and customers may not continue to purchase products or services, which would result in reduced revenue and loss of market share;
- accelerating the pace of investment in our Fioptics suite of products could have a negative impact on our financial results;

- the Company may be unable to grow revenue and cash flows despite the initiatives we have implemented;
- failure to anticipate the need for and introduce new products and services or to compete with new technologies may compromise the Company's success in the telecommunications industry;
- the Company's access lines, which generate a significant portion of its cash flows and profits, are decreasing in number. If the Company continues to experience access line losses similar to the past several years, its revenues, earnings and cash flows from operations may be adversely impacted;
- the Company's failure to meet performance standards under its agreements could result in customers terminating their relationships with the Company or customers being entitled to receive financial compensation, which could lead to reduced revenues and/or increased costs;
- the Company generates a substantial portion of its revenue by serving a limited geographic area;
- a large customer accounts for a significant portion of the Company's revenues and accounts receivable. The loss or significant reduction in business from this customer could cause operating revenues to decline significantly and have a materially adverse long-term impact on the Company's business;
- maintaining the Company's telecommunications networks requires significant capital expenditures, and its inability or failure to maintain its telecommunications networks would have a material impact on its market share and ability to generate revenue;
- increases in broadband usage may cause network capacity limitations, resulting in service disruptions or reduced capacity for customers;
- we may be liable for material that content providers distribute on our networks;
- cyber attacks or other breaches of network or other information technology security could have an adverse effect on our business;
- natural disasters, terrorists acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations;
- the regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict its ability to price its products and services and threaten its operating licenses;
- the Company depends on a number of third party providers, and the loss of, or problems with, one or more of these providers may impede the Company's growth or cause it to lose customers;
- a failure of back-office information technology systems could adversely affect the Company's results of operations and financial condition;
- if the Company fails to extend or renegotiate its collective bargaining agreements with its labor union when they expire or if its unionized employees were to engage in a strike or other work stoppage, the Company's business and operating results could be materially harmed;
- the loss of any of the senior management team or attrition among key sales associates could adversely affect the Company's business, financial condition, results of operations and cash flows;
- the Company's debt could limit its ability to fund operations, raise additional capital, and fulfill its obligations, which, in turn, would have a material adverse effect on its businesses and prospects generally;
- the Corporate Credit Agreement and other indebtedness impose significant restrictions on the Company;
- the Company depends on its Corporate Credit Agreement's revolving credit facility and Receivables Facility to provide for its short-term financing requirements in excess of amounts generated by operations, and the availability of those funds may be reduced or limited;
- the servicing of the Company's indebtedness is dependent on its ability to generate cash, which could be impacted by many factors beyond its control;

- the Company depends on the receipt of dividends or other intercompany transfers from its subsidiaries and investments;
- the Company has a significant investment in CyrusOne;
- the trading price of the Company's common stock may be volatile, and the value of an investment in the Company's common stock may decline;
- the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition;
- the Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets;
- adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' deficit and liquidity;
- third parties may claim that the Company is infringing upon their intellectual property, and the Company could suffer significant litigation or licensing expenses or be prevented from selling products;
- third parties may infringe upon the Company's intellectual property, and the Company may expend significant resources enforcing its rights or suffer competitive injury;
- we could be subject to a significant amount of litigation, which could require us to pay significant damages or settlements; and
- the Company could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company does not undertake any obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company has exposure to interest rate risk, primarily in the form of variable-rate borrowings from its Corporate Credit Agreement and Receivables Facility and changes in current rates compared to that of its fixed rate debt. The Company's management periodically employs derivative financial instruments to manage exposure to interest rate risk. At December 31, 2015 and 2014, the Company held no derivative financial instruments. As of December 31, 2015, the Company had variable-rate borrowings of $527.9 million under the Tranche B Term Loan Facility, $17.6 million under the Receivables Facility, and no borrowings under the Corporate Credit Agreement's revolving credit facility. The interest on these debt arrangements varies with changes in the LIBOR rate. A hypothetical increase or decrease of one percentage point in the LIBOR rate would increase or decrease our annual interest expense on these variable-rate borrowings by $5.5 million, assuming no additional borrowings or repayments are made under these agreements.

The following table sets forth the face amounts, maturity dates, and average interest rates at December 31, 2015 for our fixed and variable-rate debt, excluding capital leases and other debt, and unamortized discounts:

(dollars in millions)	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value
Fixed-rate debt:	$—	$—	$ —	$—	$478.5	$155.0	$633.5	$628.5
Weighted average interest rate on fixed-rate debt	—	—	—	—	8.4%	6.5%	7.9%	
Variable-rate debt:	$5.4	$5.4	$23.0	$5.4	$506.3	$ —	$545.5	$526.4
Average interest rate on variable-rate debt	4.0%	4.0%	1.7%	4.0%	4.0%	—	3.9%	

At December 31, 2014, the carrying value and fair value of fixed-rate debt was $1,135.7 million and $1,170.3 million, respectively.

Foreign Currency Risk

Substantially all of our revenue and expenses are denominated in U.S. dollars. We do not currently employ forward contracts or other financial instruments to mitigate foreign currency risk.

Commodity Price Risk

Certain of our operating costs are subject to price fluctuations caused by the volatility of the underlying commodity prices, such as gas utilized primarily by our field operations group, and network and building materials, such as steel, fiber and copper, used in the construction of our networks.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

	Page
Consolidated Financial Statements:	
Management's Report on Internal Control over Financial Reporting	58
Reports of Independent Registered Public Accounting Firm	59
Consolidated Balance Sheets	61
Consolidated Statements of Operations	62
Consolidated Statements of Comprehensive Income	63
Consolidated Statements of Shareowners' Deficit	64
Consolidated Statements of Cash Flows	65
Notes to Consolidated Financial Statements	66
Financial Statement Schedule:	
For each of the three years in the period ended December 31, 2015:	
II — Valuation and Qualifying Accounts	130

Financial statement schedules other than those listed above have been omitted because the required information is contained in the financial statements and notes thereto, or because such schedules are not required or applicable.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Cincinnati Bell Inc. and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is designed to produce reliable financial statements in conformity with accounting principles generally accepted in the United States.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*. Based on this assessment, management has concluded that, as of December 31, 2015, the Company's internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report included herein.

February 25, 2016

/s/ Theodore H. Torbeck

Theodore H. Torbeck
President and Chief Executive Officer

/s/ Leigh R. Fox

Leigh R. Fox
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.
Cincinnati, Ohio

We have audited the internal control over financial reporting of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2015 based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2015 of the Company and our report dated February 25, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 25, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.
Cincinnati, Ohio

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, shareowners' deficits, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cincinnati Bell Inc. and subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 25, 2016

Cincinnati Bell Inc.
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except share amounts)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 7.4	$ 57.9
Receivables, less allowances of $12.4 and $12.4	154.9	160.8
Receivable from CyrusOne	2.2	7.7
Inventory, materials and supplies	20.6	25.0
Prepaid expenses	13.1	10.8
Other current assets	2.2	1.8
Other current assets from discontinued operations	—	4.7
Total current assets	200.4	268.7
Property, plant and equipment, net	975.5	815.4
Investment in CyrusOne	55.5	273.6
Goodwill	14.3	14.4
Intangible assets, net	0.2	0.5
Deferred income taxes, net	182.9	369.6
Other noncurrent assets	25.6	33.9
Noncurrent assets from discontinued operations	—	44.6
Total assets	$ 1,454.4	$ 1,820.7
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	$ 13.8	$ 11.6
Accounts payable	127.4	131.6
Payable to CyrusOne	1.5	0.4
Unearned revenue and customer deposits	29.2	30.4
Accrued taxes	14.5	9.9
Accrued interest	11.2	22.1
Accrued payroll and benefits	31.2	37.0
Other current liabilities	25.0	25.8
Other current liabilities from discontinued operations	5.4	142.0
Total current liabilities	259.2	410.8
Long-term debt, less current portion	1,231.8	1,689.4
Pension and postretirement benefit obligations	225.0	240.1
Other noncurrent liabilities	36.6	26.2
Noncurrent liabilities from discontinued operations	—	102.7
Total liabilities	1,752.6	2,469.2
Shareowners' deficit		
Preferred stock, 2,357,299 shares authorized; 155,250 shares (3,105,000 depositary shares) of 6¾% Cumulative Convertible Preferred Stock issued and outstanding at December 31, 2015 and 2014; liquidation preference $1,000 per share ($50 per depositary share)	129.4	129.4
Common shares, $.01 par value; 480,000,000 shares authorized; 210,017,999 and 209,571,138 shares issued; 209,876,949 and 209,296,068 shares outstanding at December 31, 2015 and 2014	2.1	2.1
Additional paid-in capital	2,576.0	2,582.9
Accumulated deficit	(2,834.2)	(3,187.9)
Accumulated other comprehensive loss	(171.0)	(173.9)
Common shares in treasury, at cost	(0.5)	(1.1)
Total shareowners' deficit	(298.2)	(648.5)
Total liabilities and shareowners' deficit	$ 1,454.4	$ 1,820.7

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Revenue			
Services	$ 933.0	$ 890.2	$ 871.9
Products	234.8	271.3	201.5
Total revenue	1,167.8	1,161.5	1,073.4
Costs and expenses			
Cost of services, excluding items below	472.5	416.2	386.2
Cost of products sold, excluding items below	198.1	231.5	175.1
Selling, general and administrative	219.1	204.2	187.9
Depreciation and amortization	141.6	127.6	128.4
Restructuring charges (reversals)	6.0	(0.4)	13.5
Transaction-related compensation	—	—	42.6
Curtailment loss (gain)	0.3	—	(0.6)
Loss (gain) on sale or disposal of assets, net	0.8	(0.3)	(1.1)
Impairment of assets	—	4.6	—
Transaction costs	1.4	1.2	1.6
Total operating costs and expenses	1,039.8	984.6	933.6
Operating income	128.0	176.9	139.8
Interest expense	103.1	145.9	176.0
Loss on extinguishment of debt	20.9	19.6	29.6
Loss from CyrusOne investment	5.1	7.0	10.7
Gain on sale of CyrusOne investment	(449.2)	(192.8)	—
Other income, net	(2.5)	(1.9)	(3.3)
Income (loss) from continuing operations before income taxes	450.6	199.1	(73.2)
Income tax expense (benefit)	159.8	81.4	(8.3)
Income (loss) from continuing operations	290.8	117.7	(64.9)
Income (loss) from discontinued operations, net of tax	62.9	(42.1)	10.2
Net income (loss)	353.7	75.6	(54.7)
Preferred stock dividends	10.4	10.4	10.4
Net income (loss) applicable to common shareowners	$ 343.3	$ 65.2	$ (65.1)
Basic net earnings (loss) per common share			
Basic earnings (loss) per common share from continuing operations	$ 1.34	$ 0.51	$ (0.37)
Basic earnings (loss) per common share from discontinued operations	$ 0.30	$ (0.20)	$ 0.05
Basic net earnings (loss) per common share	$ 1.64	$ 0.31	$ (0.32)
Diluted net earnings (loss) per common share			
Diluted earnings (loss) per common share from continuing operations	$ 1.33	$ 0.51	$ (0.37)
Diluted earnings (loss) per common share from discontinued operations	$ 0.30	$ (0.20)	$ 0.05
Diluted net earnings (loss) per common share	$ 1.63	$ 0.31	$ (0.32)
Weighted-average common shares outstanding (millions)			
Basic	209.6	208.5	205.9
Diluted	210.2	209.6	205.9

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)

	Year Ended December 31,		
	2015	2014	2013
Net income (loss)	$353.7	$ 75.6	$(54.7)
Other comprehensive income (loss), net of tax:			
Foreign currency translation loss	(0.4)	(0.1)	(0.1)
Defined benefit plans:			
Net (loss) gain arising from remeasurement during the period, net of tax of ($3.4), ($25.0), $30.7	(6.6)	(45.4)	56.8
Net prior service credit, net of tax of $6.1	—	—	11.3
Amortization of prior service benefits included in net income (loss), net of tax of ($5.5), ($5.4), ($5.2)	(9.8)	(9.8)	(8.7)
Amortization of net actuarial loss included in net income (loss), net of tax of $10.8, $8.0, $10.1	19.5	14.7	17.5
Reclassification adjustment for curtailment loss (gain) included in net income (loss), net of tax of $0.1, ($0.2)	0.2	—	(0.4)
Total other comprehensive income (loss), net of tax	2.9	(40.6)	76.4
Total comprehensive income	$356.6	$ 35.0	$ 21.7

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF SHAREOWNERS' DEFICIT
(in millions)

	6¾% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares		Total
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance at December 31, 2012	3.1	$129.4	203.0	$2.0	$2,590.9	$(3,208.8)	$(209.7)	(0.5)	$(2.0)	$(698.2)
Net loss	—	—	—	—	—	(54.7)	—	—	—	(54.7)
Other comprehensive income	—	—	—	—	—	—	76.4	—	—	76.4
Shares issued under employee plans	—	—	1.6	—	2.4	—	—	—	—	2.4
Shares purchased under employee plans and other	—	—	(0.3)	—	(2.3)	—	—	—	—	(2.3)
Stock-based compensation	—	—	—	—	4.9	—	—	—	—	4.9
Exercise of warrants	—	—	4.4	0.1	5.1	—	—	—	—	5.2
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Balance at December 31, 2013	3.1	129.4	208.7	2.1	2,590.6	(3,263.5)	(133.3)	(0.5)	(2.0)	(676.7)
Net income	—	—	—	—	—	75.6	—	—	—	75.6
Other comprehensive loss	—	—	—	—	—	—	(40.6)	—	—	(40.6)
Shares issued under employee plans	—	—	1.1	—	1.4	—	—	—	—	1.4
Shares purchased under employee plans and other	—	—	(0.2)	—	(2.0)	—	—	0.2	0.9	(1.1)
Stock-based compensation	—	—	—	—	3.3	—	—	—	—	3.3
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Balance at December 31, 2014	3.1	129.4	209.6	2.1	2,582.9	(3,187.9)	(173.9)	(0.3)	(1.1)	(648.5)
Net income	—	—	—	—	—	353.7	—	—	—	353.7
Other comprehensive income	—	—	—	—	—	—	2.9	—	—	2.9
Shares issued under employee plans	—	—	0.4	—	0.1	—	—	—	—	0.1
Shares purchased under employee plans and other	—	—	—	—	(0.7)	—	—	0.2	0.6	(0.1)
Stock-based compensation	—	—	—	—	4.1	—	—	—	—	4.1
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	—	—	(10.4)
Balance at December 31, 2015	3.1	$129.4	210.0	$2.1	$2,576.0	$(2,834.2)	$(171.0)	(0.1)	$(0.5)	$(298.2)

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	$ 353.7	$ 75.6	$ (54.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	170.2	231.0	169.6
Loss on extinguishment of debt	20.9	19.6	29.6
Loss from CyrusOne investment	5.1	7.0	10.7
Gain on sale of CyrusOne investment	(449.2)	(192.8)	—
Loss (gain) on sale of assets	0.4	(0.3)	2.4
Impairment of assets	—	12.1	—
Provision for loss on receivables	8.5	10.4	11.3
Noncash portion of interest expense	4.6	6.2	7.5
Deferred income tax expense (benefit), including valuation allowance change	184.5	47.4	(2.7)
Pension and other postretirement payments in excess of expense	(11.5)	(25.7)	(49.7)
Deferred gain on sale of wireless spectrum licenses — discontinued operations	(112.6)	—	—
Amortization of deferred gain — discontinued operations	(6.5)	(22.9)	(3.3)
Stock-based compensation	4.1	3.3	4.9
Excess tax benefit for share based payments	(0.1)	(0.1)	(0.5)
Gain on transfer of lease obligations — discontinued operations	(15.9)	—	—
Other, net	(2.3)	3.9	(3.4)
Changes in operating assets and liabilities, net of effects of divestitures:			
(Increase) decrease in receivables	(1.9)	(23.7)	0.5
Decrease (increase) in inventory, materials, supplies, prepaid expenses and other current assets	3.6	(7.2)	(0.8)
(Decrease) increase in accounts payable	(17.0)	38.7	(17.7)
Decrease in accrued and other current liabilities	(30.6)	(0.8)	(18.1)
Decrease in other noncurrent assets	1.5	0.7	0.8
Increase (decrease) in other noncurrent liabilities	1.4	(7.2)	(7.6)
Net cash provided by operating activities	110.9	175.2	78.8
Cash flows from investing activities			
Capital expenditures	(283.6)	(182.3)	(196.9)
Proceeds from sale of CyrusOne investment	643.9	355.9	—
Dividends received from CyrusOne	22.2	28.4	21.3
Proceeds from sale of wireless spectrum licenses	—	194.4	—
Proceeds from sale of assets	1.0	2.0	2.0
Release of restricted cash	—	—	0.4
Cash divested from deconsolidation of CyrusOne	—	—	(12.2)
Other, net	(0.3)	(5.8)	—
Net cash provided by (used in) investing activities	383.2	392.6	(185.4)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	—	—	536.0
Net (decrease) increase in corporate credit and receivables facilities with initial maturities less than 90 days	(1.6)	(127.0)	94.2
Repayment of debt	(531.7)	(376.5)	(530.8)
Debt issuance costs	(0.4)	(0.9)	(6.7)
Dividends paid on preferred stock	(10.4)	(10.4)	(10.4)
Proceeds from exercise of options and warrants	—	1.3	7.1
Excess tax benefit for share based payments	0.1	0.1	0.5
Other, net	(0.6)	(1.1)	(2.3)
Net cash (used in) provided by financing activities	(544.6)	(514.5)	87.6
Net (decrease) increase in cash and cash equivalents	(50.5)	53.3	(19.0)
Cash and cash equivalents at beginning of year	57.9	4.6	23.6
Cash and cash equivalents at end of year	$ 7.4	$ 57.9	$ 4.6

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

Cincinnati Bell Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Accounting Policies

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

As of December 31, 2015, we operate our business through the following segments: Entertainment and Communications (formerly known as "Wireline") and IT Services and Hardware.

The company has 3,250 employees as of December 31, 2015, and approximately 30% of its employees are covered by a collective bargaining agreement with Communications Workers of America ("CWA") that will be in effect through May 12, 2018.

Basis of Presentation — The 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, comprehensive income, financial position and cash flows for each period presented.

Basis of Consolidation — The consolidated financial statements include the consolidated accounts of Cincinnati Bell Inc. and its majority-owned subsidiaries over which it exercises control. Intercompany accounts and transactions have been eliminated in the consolidated financial statements. Investments over which the Company exercises significant influence are recorded under the equity method. Investments in which we own less than 20% of the ownership interests and cannot exercise significant influence over the investee's operations are recorded at cost.

Recast of Financial Information for Discontinued Operations — In the second quarter of 2014, we entered into agreements to sell our wireless spectrum licenses and certain other assets related to our wireless business. The agreement to sell our wireless spectrum licenses closed on September 30, 2014, for cash proceeds of $194.4 million. Simultaneously, we entered into a separate agreement to use certain spectrum licenses for $8.00 until we no longer provided wireless service. Effective March 31, 2015, all wireless subscribers were migrated off our network and we ceased providing wireless services and operations. Certain wireless tower lease obligations and other assets were transferred to the acquiring company on April 1, 2015.

The closing of our wireless operations represents a strategic shift in our business. Therefore, certain wireless assets, liabilities and results of operations are reported as discontinued operations in our financial statements. Accordingly, the Company recast its prior period results to be comparable with the current discontinued operations presentation with the exception of the Consolidated Statements of Comprehensive Income, Consolidated Statements of Shareowners' Deficit and Consolidated Statements of Cash Flows. See Note 3 for all required disclosures.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Significant items subject to such estimates and judgments include: the carrying value of property, plant and equipment; the valuation of insurance and claims liabilities; the valuation of allowances for receivables and deferred income taxes; reserves recorded for income tax exposures; the valuation of asset retirement obligations; assets and liabilities related to employee benefits; and the valuation of goodwill. In the normal course of business, the Company is also 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 GAAP. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance.

Cash and Cash Equivalents — Cash consists of funds held in bank accounts. Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Receivables — Receivables consist principally of trade receivables from customers and are generally unsecured and due within 21 – 90 days. The Company has receivables with one large customer, General Electric Corp. ("GE"), that makes up 22% and 26% of the outstanding accounts receivable balance at December 31, 2015 and 2014, respectively. Unbilled receivables arise from services rendered but not yet billed. As of December 31, 2015 and 2014, unbilled receivables totaled $14.0 million and $13.2 million, respectively. Expected credit losses related to trade receivables are recorded as an allowance for uncollectible accounts in the Consolidated Balance Sheets. The Company establishes the allowances for uncollectible accounts using percentages of aged accounts receivable balances to reflect the historical average of credit losses as well as specific provisions for certain identifiable, potentially uncollectible balances. When internal collection efforts on accounts have been exhausted, the accounts are written off and the associated allowance for uncollectible accounts is reduced.

Inventory, Materials and Supplies — Inventory, materials and supplies consists of network components, various telephony and IT equipment to be sold to customers, wireless handsets and accessories to support our agreement with Verizon to sell their products and services in our retail stores, maintenance inventories, and other materials and supplies, which are carried at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at original cost and presented net of accumulated depreciation and impairment losses. Maintenance and repairs are charged to expense as incurred while improvements which extend an asset's useful life or increase its functionality are capitalized and depreciated over the asset's remaining life. The majority of the Entertainment and Communications network property, plant and equipment used to generate its voice and data revenue is depreciated using the group method, which develops a depreciation rate annually based on the average useful life of a specific group of assets rather than for each individual asset as would be utilized under the unit method. Provision for depreciation of other property, plant and equipment, except for leasehold improvements, is based on the straight-line method over the estimated economic useful life. Depreciation of leasehold improvements is based on a straight-line method over the lesser of the economic useful life of the asset or the term of the lease, including optional renewal periods if renewal of the lease is reasonably assured.

Additions and improvements, including interest and certain labor costs incurred during the construction period, are capitalized. The Company records the fair value of a legal liability for an asset retirement obligation in the period it is incurred. The estimated removal cost is initially capitalized and depreciated over the remaining life of the underlying asset. The associated liability is accreted to its present value each period. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as gain or loss on disposition.

Goodwill — Goodwill represents the excess of the purchase price consideration over the fair value of net assets acquired and recorded in connection with business acquisitions. Goodwill is generally allocated to reporting units one level below business segments. Goodwill is tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired. If the net book value of the reporting unit exceeds its fair value, an impairment loss may be recognized. An impairment loss is measured as the excess of the carrying value of goodwill of a reporting unit over its implied fair value. The implied fair value of goodwill represents the difference between the fair value of the reporting unit and the fair value of all the assets and liabilities of that unit, including any unrecognized intangible assets.

Long-Lived Assets — Management reviews the carrying value of property, plant and equipment and other long-lived assets, including intangible assets with definite lives, when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the estimated future undiscounted cash flows expected to result from the use of an asset (or group of assets) and its eventual disposition is less than its carrying amount. An impairment loss is measured as the amount by which the asset's carrying value exceeds its estimated fair value. Long-lived intangible assets are amortized based on the estimated economic value generated by the asset in future years.

Equity Method Investments — On January 24, 2013, we completed the initial public offering ("IPO") of CyrusOne Inc. ("CyrusOne"), which owns and operates our former Data Center Colocation business. CyrusOne conducts its data center business through CyrusOne LP, an operating partnership. Effective with the IPO, we retained ownership of approximately 1.9 million shares, or 8.6%, of CyrusOne's common stock and were a limited partner in CyrusOne LP, owning approximately 42.6 million, or 66%, of its partnership units. We effectively owned 69% of CyrusOne and continued to have significant influence over the entity, but we did not control its operations. Therefore, effective January 24, 2013, we no longer included the accounts of CyrusOne in our consolidated financial statements, but accounted for our ownership in CyrusOne as an equity method investment. From the date of IPO, we recognized our proportionate share of CyrusOne's net income or loss as non-operating income or expense in our Consolidated Statement of Operations through December 31, 2015. For the period January 1, 2013 through January 23, 2013, we consolidated CyrusOne's operating results.

We completed the sale of 16.0 million partnership units of CyrusOne LP to CyrusOne Inc. at a price of $22.26 per unit in the second quarter of 2014. In the second quarter of 2015, we consummated the sale of 14.3 million operating partnership units of CyrusOne LP to CyrusOne, Inc. at a price of $29.88 per unit for proceeds of $426.0 million. On July 1, 2015, we sold 6.0 million operating partnership units of CyrusOne LP to CyrusOne, Inc. at a price of $28.41 per unit for proceeds of $170.3 million. In December 2015, we sold 1.4 million shares of CyrusOne's common stock at a price of $35.30 per share for proceeds of $47.6 million.

For the year ended December 31, 2015, 2014 and 2013, the Company received cash dividends from CyrusOne totaling $22.2 million, $28.4 million and $21.3 million, respectively. Dividends from CyrusOne are recognized as a reduction of our investment. Effective December 31, 2015 we exchanged our remaining 6.3 million operating partnership units in CyrusOne LP for an equal number of newly issued shares of common stock of CyrusOne Inc. As a result, we own approximately 9.5% of CyrusOne's common shares and no longer have significant influence over the entity. Therefore, as of December 31, 2015, our ownership in CyrusOne is accounted for as a cost method investment.

During 2014, we invested a total of $5.5 million in other entities, which are accounted for as equity method investments and the carrying value has been recorded within "Other noncurrent assets" in the Consolidated Balance Sheets. The Company's proportionate share of the investments' net loss had a minimal impact on our Consolidated Statement of Operations.

Our equity method investments are tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired.

Cost Method Investments — Effective December 31, 2015 our investment in CyrusOne is accounted for as a cost method investment. The carrying value of this investment was 55.5 million as of December 31, 2015. Our cost method investments are tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired.

Leases — Certain property and equipment are leased. At lease inception, the lease terms are assessed to determine if the transaction should be classified as a capital or operating lease.

Treasury Shares — The repurchase of common shares is recorded at purchase cost as treasury shares. Our policy is to retire, either formally or constructively, treasury shares that management anticipates will not be reissued. Upon retirement, the purchase cost of the treasury shares that exceeds par value is recorded as a reduction to "Additional paid-in capital" in the Consolidated Balance Sheets.

Revenue Recognition — We apply the revenue recognition principles described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 605, "Revenue Recognition." Under ASC 605, revenue is recognized when there is persuasive evidence of a sale arrangement, delivery has occurred or services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured.

With respect to arrangements with multiple deliverables, management determines whether more than one unit of accounting exists in an arrangement. To the extent that the deliverables are separable into multiple units

of accounting, total consideration is allocated to the individual units of accounting based on their relative fair value, determined by the price of each deliverable when it is regularly sold on a stand-alone basis. Revenue is recognized for each unit of accounting as delivered, or as service is performed, depending on the nature of the deliverable comprising the unit of accounting.

The Company has sales with one large customer, GE, that contributed 12% to total revenue in 2015 and 14% in 2014. Revenue derived from foreign operations is approximately 1% of consolidated revenue.

Entertainment and Communications — Revenues from local telephone, special access, internet product and video services, which are billed monthly prior to performance of service, are not recognized upon billing or cash receipt but rather are deferred until the service is provided. Long distance, switched access and other usage based charges are billed monthly in arrears. Entertainment and Communications bills service revenue in regular monthly cycles, which are spread throughout the days of the month. As the last day of each billing cycle rarely coincides with the end of the reporting period for usage-based services such as long distance and switched access, we must estimate service revenues earned but not yet billed. These estimates are based upon historical usage, and we adjust these estimates during the period in which actual usage is determinable, typically in the following reporting period.

Initial billings for Entertainment and Communications service connection and activation are deferred and amortized into revenue on a straight-line basis over the average customer life. The associated connection and activation costs, to the extent of the upfront fees, are also deferred and amortized on a straight-line basis over the average customer life.

Pricing of local voice services is generally subject to oversight by both state and federal regulatory commissions. Such regulation also covers services, competition, and other public policy issues. Various regulatory rulings and interpretations could result in increases or decreases to revenue in future periods.

*IT Services and Hardware — S*ervices are generally recognized as the service is provided. Maintenance on telephony equipment is deferred and recognized ratably over the term of the underlying customer contract, generally one to three years.

Equipment revenue is recognized upon the completion of our contractual obligations, such as shipment, delivery, or customer acceptance. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

The Company is a reseller of IT and telephony equipment. For these transactions, we consider the gross versus net revenue recording criteria of ASC 605. Based on this criteria, these equipment revenues and associated costs have generally been recorded on a gross basis rather than recording the revenues net of the associated costs. Vendor rebates are earned on certain equipment sales. When the rebate is earned and the amount is determinable, we recognize the rebate as an offset to cost of products sold.

Discontinued Operations — Postpaid wireless and reciprocal compensation were billed monthly in arrears. Service revenue was billed in regular monthly cycles, which were spread throughout the days of the month. As the last day of each billing cycle rarely coincided with the end of the reporting period for usage-based services such as postpaid wireless, we estimated service revenues earned but not yet billed. Our estimates were based upon historical usage, and we adjusted these estimates during the period in which actual usage was determinable, typically in the following reporting period.

Revenue from prepaid wireless service, which was collected in advance, was not recognized upon billing or cash receipt but rather deferred until the service was provided.

Wireless handset revenue and the related activation revenue were recognized when the products were delivered to and accepted by the customer, as this was considered to be a separate earnings process from the sale of wireless services. Wireless equipment costs were also recognized upon handset sale and were generally in excess of the related handset and activation revenue. Revenue from termination fees was recognized when collection was deemed reasonably assured.

Advertising Expenses — Costs related to advertising are expensed as incurred. Advertising costs were $8.3 million, $7.2 million, and $7.3 million in 2015, 2014, and 2013, respectively.

Legal Expenses — In the normal course of business, the Company is involved in various claims and legal proceedings. Legal costs incurred in connection with loss contingencies are expensed as incurred. Legal claim accruals are recorded once determined to be both probable and estimable.

Income, Operating, and Regulatory Taxes

Income taxes — The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as various foreign, state and local jurisdictions. The provision for income taxes is based upon income in the consolidated financial statements, rather than amounts reported on the income tax return. The income tax provision consists of an amount for taxes currently payable and an amount for tax consequences deferred to future periods. Deferred investment tax credits are amortized as a reduction of the provision for income taxes over the estimated useful lives of the related property, plant and equipment. Deferred income taxes are provided for temporary differences between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at rates then in effect. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized. The ultimate realization of the deferred income tax assets depends upon the ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards.

Previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires.

Operating taxes — Certain operating taxes such as property, sales, use, and gross receipts taxes are reported as expenses in operating income primarily within cost of services. 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.

Regulatory taxes — The Company incurs federal and state regulatory taxes on certain revenue producing transactions. We are permitted to recover certain of these taxes by billing the customer; however, collections cannot exceed the amount due to the federal regulatory agency. These federal regulatory taxes are presented in sales and cost of services on a gross basis because, while the Company is required to pay the tax, it is not required to collect the tax from customers and, in fact, does not collect the tax from customers in certain instances. The amounts recorded as revenue for 2015, 2014, and 2013 were $15.5 million, $15.2 million, and $14.9 million, respectively. The amounts expensed for 2015, 2014, and 2013 were $17.9 million, $16.4 million, and $14.9 million, respectively. We record all other federal taxes collected from customers on a net basis.

Stock-Based Compensation — Compensation cost is recognized for all share-based awards to employees and non-employee directors. We value all share-based awards to employees at fair value on the date of grant and expense this amount over the required service period, generally defined as the applicable vesting period. For awards which contain a performance condition, compensation expense is recognized over the service period, when achievement of the performance condition is deemed probable. The fair value of stock options and stock appreciation rights is determined using the Black-Scholes option-pricing model using assumptions such as volatility, risk-free interest rate, holding period and dividends. The fair value of stock awards is based on the Company's closing share price on the date of grant. For all share-based payments, an assumption is also made for the estimated forfeiture rate based on the historical behavior of employees. The forfeiture rate reduces the total fair value of the awards to be recognized as compensation expense. Our accounting policy for graded vesting awards is to recognize compensation expense on a straight-line basis over the vesting period. We have also granted employee awards to be ultimately paid in cash which are indexed to the change in the Company's common stock price. These awards are adjusted to the fair value of the Company's common stock, and the adjusted fair value is expensed on a pro-rata basis over the vesting period. When an award is granted to an

employee who is retirement eligible, the compensation cost is recognized over the service period up to the date that the employee first becomes eligible to retire.

Pension and Postretirement Benefit Plans — The Company maintains qualified and non-qualified defined benefit pension plans, and also provides postretirement healthcare and life insurance benefits for eligible employees. We recognize the overfunded or underfunded status of the defined benefit pension and other postretirement benefit plans as either an asset or liability. Changes in the funded status of these plans are recognized as a component of comprehensive income (loss) in the year they occur. Pension and postretirement healthcare and life insurance benefits earned during the year and interest on the projected benefit obligations are accrued and recognized currently in net periodic benefit cost. Prior service costs and credits are amortized over the average life expectancy of participants or remaining service period, based upon whether plan participants are mostly retirees or active employees. Net gains or losses resulting from differences between actuarial experience and assumptions or from changes in actuarial assumptions are recognized as a component of annual net periodic benefit cost. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average remaining service life of active employees for the pension and bargained postretirement plans (approximately 9-13 years) and average life expectancy of retirees for the management postretirement plan (approximately 17 years).

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

Fair Value Measurements — Fair value of financial and non-financial assets and liabilities is defined as the price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is utilized to measure certain investments on a recurring basis. Fair value measurements are also utilized to determine the initial value of assets and liabilities acquired in a business combination, to perform impairment tests, and for disclosure purposes.

Management uses quoted market prices and observable inputs to the maximum extent possible when measuring fair value. In the absence of quoted market prices or observable inputs, fair value is determined using valuation models that incorporate assumptions that a market participant would use in pricing the asset or liability.

Fair value measurements are classified within one of three levels, which prioritize the inputs used in the methodologies of measuring fair value for assets and liabilities, as follows:

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.

Foreign Currency Translation and Transactions — The financial position of foreign subsidiaries is translated at the exchange rates in effect at the end of the period, while revenues and expenses are translated at average rates of exchange during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as components of accumulated other comprehensive income (loss). Gains and losses arising from foreign currency transactions are recorded in other income (expense) in the period incurred.

2. Recently Issued Accounting Standards

In April 2014, the FASB issued Accounting Standard Update ("ASU") 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The amendments in this update increased the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. ASU 2014-08 was effective on January 1, 2015 and applicable to our wireless operations, which qualified for discontinued operations as of March 31, 2015. For full discussion of discontinued operations and required disclosures reference Notes 1 and 3 of the Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for us in the first quarter of the fiscal year ending December 31, 2018. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

The FASB issued ASU 2014-15, Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern in August 2014. The amendments provide guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The standard will be effective for us in the fiscal year ending December 31, 2016. The adoption of this pronouncement is not expected to have a material impact on our financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest — Imputation of Interest, which changes the presentation of debt issuance costs in the financial statements. The amendments in this update require companies to present such costs in the balance sheet as a direct deduction from the related debt rather than as an asset and to record amortization of the costs as interest expense. The standard will be effective for us in the fiscal year ending December 31, 2016 and will be applied retrospectively for prior periods. The Company estimates approximately $10 million of debt issuance costs will be reclassified from "Other non-current assets" to "Long term debt, less current portion" on the Consolidated Balance Sheets on the date of adoption. The adoption is not expected to impact the Statement of Operations.

The FASB issued ASU 2015-05, Intangibles-Goodwill and Other-Internal-Use Software, which amends ASC 350-40 to provide customers with guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software in April 2015. The standard will be effective for us in the fiscal year ending December 31, 2016 and can be adopted retrospectively or prospectively to arrangements entered into, or materially modified, after the effective date. The Company plans to prospectively adopt this standard and estimates an immaterial impact on the Company's consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which amends rules regarding the classification of current and noncurrent deferred tax liabilities and assets. Specifically, this amendment requires that for a particular tax-paying component of an entity and within a particular tax jurisdiction, all deferred tax liabilities and assets shall be offset and presented as a single noncurrent amount. The Company retrospectively adopted the amended standard effective December 31, 2015. The adoption of this standard resulted in a prior period adjustment due to a change in accounting principle. The Consolidated Balance Sheet for the period ending December 31, 2014 has been restated to reflect this change in accounting principle and reclass of $68.9 million of "Deferred income taxes, net" from current to non-current. The previously discussed reclasses also impact the Supplemental Guarantor Condensed Consolidating Balance Sheets in Footnote 18 and 19 by decreasing "Other current assets" and increasing "Other noncurrent assets" by $68.9 million. Adoption of ASU 2015-17 did not effect income (loss) from continuing operations, income (loss) from discontinued operations or retained earnings in the presented periods.

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

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

3. Discontinued Operations

Cincinnati Bell Wireless LLC ("CBW"), our former Wireless segment, provided digital wireless voice and data communications services to customers in the Company's licensed service territory, which included Greater Cincinnati and Dayton, Ohio, and areas of northern Kentucky and southeastern Indiana. The Company's customers were also able to place and receive wireless calls nationally and internationally due to roaming agreements the Company had with other carriers.

In the second quarter of 2014, we entered into agreements to sell our wireless spectrum licenses and certain other assets related to our wireless business, including leases to certain wireless towers and related equipment and other assets. The agreement to sell our spectrum licenses closed on September 30, 2014 for cash proceeds of $194.4 million. Prior to this date, the Company's digital wireless network utilized 50 MHz of licensed spectrum in the Cincinnati area and 40 MHz of licensed spectrum in the Dayton area, which had a carrying value of $88.2 million. Simultaneous with the close of the spectrum sale, the Company entered into a separate agreement to use certain wireless spectrum for $8.00 until we no longer provided wireless services. We ceased providing wireless service effective March 31, 2015. The fair value of the lease, which is considered a Level 3 measurement based on other comparable transactions, totaled $6.4 million and was recorded as a prepaid expense and amortized over a six month period ending March 31, 2015.

As of March 31, 2015, there were no subscribers remaining on the network and we no longer required the use of the spectrum being leased. Therefore, the $112.6 million gain on the sale of the wireless spectrum licenses, which had been previously deferred, was recognized in Income (loss) from discontinued operations, net of tax during the three months ended March 31, 2015. On April 1, 2015, we transferred certain other wireless assets to the acquirer, including leases to certain wireless towers and related equipment and other assets, which resulted in a gain of $15.9 million in the second quarter of 2015. As a result, we removed the following assets and liabilities in the second quarter of 2015.

(dollars in millions)	As of April 1, 2015
Property, plant and equipment, net	$16.0
Current portion of long-term debt	0.5
Long-term debt, less current portion	24.8
Other non-current liabilities	6.6
Total liabilities	$31.9

Form 10-K

Wireless financial results for the twelve months ended December 31, 2015, 2014 and 2013 reported as Income (loss) from discontinued operations, net of tax on the Consolidated Statements of Operations are as follows:

	Twelve Months Ended December 31,		
(dollars in millions)	2015	2014	2013
Revenue	$ 4.4	$132.8	$201.5
Costs and expenses			
Cost of products and services	12.0	66.9	102.3
Selling, general and administrative	2.2	19.5	33.6
Depreciation and amortization expense	28.6	103.4	41.2
Restructuring charges	3.3	16.3	0.2
Impairment of asset	—	7.5	—
Transaction costs	—	3.2	—
(Gain) loss on sale or disposal of assets	(0.4)	—	3.5
Amortization of deferred gain	(6.5)	(22.9)	(3.3)
Total operating costs and expenses	39.2	193.9	177.5
Operating income (loss)	(34.8)	(61.1)	24.0
Interest (income) expense	(1.7)	2.8	6.0
Other (income) expense	(2.3)	2.2	2.0
Gain on transfer of tower lease obligations and other assets	15.9	—	—
Gain on sale of wireless spectrum licenses	112.6	—	—
Income (loss) before income taxes	97.7	(66.1)	16.0
Income tax expense (benefit)	34.8	(24.0)	5.8
Net income (loss) from discontinued operations	$ 62.9	$ (42.1)	$ 10.2

Wireless assets and liabilities presented as discontinued operations as of December 31, 2015 and December 31, 2014 are as follows:

(dollars in millions)	December 31, 2015	December 31, 2014
Current assets		
Prepaid rent — spectrum license	$—	$ 3.2
Other current assets	—	1.5
Total current assets from discontinued operations	—	4.7
Property, plant and equipment	—	44.1
Other noncurrent assets	—	0.5
Total noncurrent assets from discontinued operations	—	44.6
Total assets from discontinued operations	$—	$ 49.3
Current liabilities		
Current portion of long-term debt	$—	$ 1.6
Accounts payable	—	5.0
Restructuring liability	4.7	15.4
Deferred gain on sale of wireless spectrum licenses	—	112.6
Other current liabilities	0.7	7.4
Total current liabilities from discontinued operations	5.4	142.0
Long-term debt, less current portion	—	81.6
Deferred gain on sale of towers	—	13.1
Other noncurrent liabilities	—	8.0
Total noncurrent liabilities from discontinued operations	—	102.7
Total liabilities from discontinued operations	$5.4	$244.7

Certain capital lease and retirement obligations were reported as liabilities from discontinued operations as of December 31, 2014 as we continued to operate the wireless business at that time. Subsequent to ceasing operations of our wireless business these liabilities and the related assets were transferred to continuing operations as they were retained by the Company. Amounts transferred at April 1, 2015 include the following:

(dollars in millions)	Continuing Operations As of April 1, 2015	Discontinued Operations As of December 31, 2014
Current portion of long-term debt	$ 1.1	$ 1.1
Long-term debt, less current portion	53.4	57.0
Other noncurrent liabilities	10.9	7.5
Total liabilities	$65.4	$65.6

In the first quarter of 2013, in connection with our review of the estimated remaining useful lives of property, plant and equipment, we shortened the estimated useful lives assigned to wireless network software to three years. This change resulted from smartphone-driven technology upgrades, enhancements and projected retirements. As a result of this change in estimate, we recorded additional depreciation expense of $8.5 million in the first quarter of 2013.

In conjunction with our long-lived asset analysis conducted in the fourth quarter of 2013, we reassessed the useful lives of all of our Wireless property, plant and equipment. The remaining useful lives for all Wireless property, plant, and equipment assets were reduced to 30 months as of December 31, 2013, resulting in additional depreciation expense of $3.0 million in the quarter.

Following the agreement to sell our wireless spectrum licenses and certain other assets in the second quarter of 2014, we further reduced the remaining useful lives of those assets not included in the sale to be fully depreciated as of March 31, 2015. As a result of the combined changes in estimates, depreciation and amortization expense increased by $62.2 million for the year ended December 31, 2014. In addition, adjusting the useful lives of our Wireless property, plant and equipment also required that we reduce the amortization period of the deferred gain associated with the 2009 tower sale in a similar manner. Amortization of the deferred gain associated with the tower sale totaled $6.5 million, $22.9 million and $3.3 million for the years ended December 31, 2015, 2014 and 2013, respectively.

In 2015, a $0.4 million gain was recorded on the sale of a wireless tower that was fully depreciated. An asset impairment loss of $7.5 million was also recognized in 2014 for the write-off of certain construction-in-progress projects that were not completed due to the wind down of wireless operations. In 2013, a $3.5 million loss on disposal of assets was incurred for equipment that was either disconnected from the wireless network, abandoned or demolished.

Restructuring liabilities were established for employee separations, lease abandonments and contract terminations charges. In 2015, restructuring charges were for tower operating leases that were abandoned. During 2014, restructuring charges included $13.1 million in contract termination charges for wireless contracts that were no longer utilized and $3.2 million in employee separation charges. In 2013, $0.2 million was recorded for lease abandonment charges due to the closure of a retail store.

In the fourth quarter of 2014, we repaid $22.7 million 8 3/8% Senior Notes due 2020 using proceeds from the sale of our wireless spectrum licenses.

Following is selected operating, investing and financing cash flow activity from discontinued operations included in Consolidated Statements of Cash Flows:

	Twelve Months Ended December 31,		
(dollars in millions)	**2015**	**2014**	**2013**
Depreciation and amortization	$ 28.6	$103.4	$ 41.2
(Gain) loss on sale of assets	(0.4)	—	3.5
Impairment of assets	—	7.5	—
Deferred gain on sale of spectrum licenses	(112.6)	—	—
Amortization of deferred gain on sale of towers	(6.5)	(22.9)	(3.3)
Gain on transfer of tower lease obligations and other assets	(15.9)	—	—
Non-cash spectrum lease	3.2	3.2	—
Restructuring payments	(14.5)	(2.4)	(0.3)
Capital expenditures	—	(6.5)	(16.0)
Proceeds from sale of wireless spectrum licenses	—	194.4	—
Repayment of debt	(0.3)	(23.5)	(0.6)

Operating Lease Commitments

The Company's discontinued operations leased certain facilities and equipment. Operating lease expense was $1.4 million, $6.4 million, and $6.5 million, in 2015, 2014, and 2013, respectively.

At December 31, 2015, future minimum lease payments required under operating leases have been reported as Restructuring liability.

4. Investment in CyrusOne

On January 24, 2013, we completed the IPO of CyrusOne, our former Data Center Colocation segment. Effective with the IPO, our 69% ownership was held in the form of 1.9 million shares of unregistered common stock of CyrusOne Inc. and 42.6 million of economically equivalent partnership units in its underlying operating

entity, CyrusOne LP. As of that date, we no longer controlled CyrusOne's operations but as a result of maintaining significant influence, our investment was accounted for using the equity method.

Commencing January 17, 2014, we were permitted to exchange the partnership units of CyrusOne LP into cash or shares of common stock of CyrusOne, as determined by CyrusOne, on a one-for-one basis based upon the fair value of a share of CyrusOne common stock, subject to certain limitations which restricted the volume of shares we are permitted to sell. The registration statement filed by CyrusOne on March 24, 2014 became effective on April 4, 2014 and eliminated all prior limitations restricting the volume of shares we are allowed to sell.

In the second quarter of 2014, we sold 16.0 million operating partnership units of CyrusOne LP to CyrusOne, Inc. at a price of $22.26 per unit. The sale generated proceeds of $355.9 million and resulted in a gain of $192.8 million.

In the second quarter of 2015, we sold 14.3 million operating partnership units of CyrusOne LP to CyrusOne, Inc. at a price of $29.88 per unit. The sale generated proceeds of $426.0 million and resulted in a gain of $295.2 million. We sold 6.0 million operating partnership units of CyrusOne LP to CyrusOne, Inc. at a price of $28.41 per unit in the third quarter of 2015. Proceeds from the sale totaled of $170.3 million and resulted in a gain of $117.7 million. In the fourth quarter of 2015, we sold 1.4 million shares of CyrusOne's common stock at a price of $35.30 per share. The sale generated proceeds of $47.6 million and resulted in a gain of $36.3 million.

Concurrent with the fourth quarter sale, we exchanged all of our remaining 6.3 million operating partnership units in CyrusOne LP for an equal number of newly issued shares of common stock of CyrusOne Inc.

As of December 31, 2015, we owned 9.5% of CyrusOne, which was held in the form of 6.9 million shares of registered common stock of CyrusOne Inc. Effective with the conversion of our LP shares to common stock, our investment in CyrusOne is accounted for using the cost method as we no longer have significant influence over CyrusOne or any of its subsidiaries. For the years ended December 31, 2015, 2014, and 2013, our equity method share of CyrusOne's net loss was $5.1 million, $7.0 million, and $10.7 million, respectively. As of December 31, 2015, the fair value of this investment was $257.9 million based on the quoted market price of CyrusOne's common stock, which is considered a Level 1 measurement in the fair value hierarchy.

Summarized financial information for the CyrusOne Consolidated Statements of Operations for the years ended December 31, 2015, 2014, and 2013 and Consolidated Balance Sheets as of December 31, 2015 and 2014 is as follows:

(dollars in millions)	Year Ended December 31, 2015	Year Ended December 31, 2014	January 24, 2013 to December 31, 2013
Revenue	$399.3	$330.9	$248.4
Operating income	22.8	40.0	28.9
Net loss	(20.2)	(14.5)	(15.6)

(dollars in millions)	December 31, 2015	December 31, 2014
Net investment in real estate	$1,392.0	$1,051.4
Total assets	2,195.6	1,571.0
Total liabilities	1,374.0	854.0

Transactions with CyrusOne

Revenues — The Company records service revenue from CyrusOne under contractual service arrangements which include, among others, providing services such as fiber transport, network support, service calls, monitoring and management, storage and back-up, and IT systems support.

Operating Expenses — We lease data center and office space from CyrusOne at certain locations in our operating territory under operating leases and are also billed for other services provided by CyrusOne under

contractual service arrangements. In the normal course of business, the Company also provides certain administrative services to CyrusOne which are billed based on agreed-upon rates.

Revenues and operating costs and expenses from transactions with CyrusOne were as follows:

(dollars in millions)	Year Ended December 31, 2015	Year Ended December 31, 2014	January 24, 2013 to December 31, 2013
Revenue:			
Services provided to CyrusOne	$ 1.3	$ 1.7	$ 2.1
Operating costs and expenses:			
Transaction-related compensation to CyrusOne employees	$ —	$ —	$20.0
Charges for services provided by CyrusOne	10.2	9.1	8.8
Administrative services provided to CyrusOne	(0.4)	(0.5)	(0.6)
Total operating costs and expenses	$ 9.8	$ 8.6	$28.2

Dividends of $22.2 million, $28.4 million and $21.3 million were received in 2015, 2014 and 2013 respectively. In addition, on November 5, 2015, CyrusOne declared dividends of $0.315 per share payable on its common shares and CyrusOne LP partnership units. This dividend was paid on January 8, 2016 to holders of record as of December 24, 2015.

In addition to the agreements noted above, the Company entered into a tax sharing agreement with CyrusOne. Under the terms of the agreement, CyrusOne would reimburse the Company for the Texas Margin Tax liability that CyrusOne would have incurred if they had filed a Texas Margin Tax return separate from the consolidated filing. The agreement remained in effect until the Texas Margin Tax return for the period ending December 31, 2014 was filed. As of December 31, 2015, there was no receivable related to this agreement compared to $1.7 million at December 31, 2014. The balance at December 31, 2014 is included in Receivable from CyrusOne in the Consolidated Balance Sheets.

Amounts receivable from and payable to CyrusOne were as follows:

(dollars in millions)	December 31, 2015	December 31, 2014
Accounts receivable	$0.1	$1.7
Dividends receivable	2.1	6.0
Receivable from CyrusOne	$2.2	$7.7
Payable to CyrusOne	$1.5	$0.4

5. 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, exercise of warrants, 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:

(in millions, except per share amounts)	Year Ended December 31, 2015 Continuing Operations	Discontinued Operations	Total
Numerator:			
Net income (loss)	$290.8	$ 62.9	$353.7
Preferred stock dividends	10.4	—	10.4
Net income (loss) applicable to common shareowners — basic and diluted	$280.4	$ 62.9	$343.3
Denominator:			
Weighted-average common shares outstanding — basic	209.6	209.6	209.6
Stock-based compensation arrangements	0.6	0.6	0.6
Weighted-average common shares outstanding — diluted	210.2	210.2	210.2
Basic earnings (loss) per common share	$ 1.34	$ 0.30	$ 1.64
Diluted earnings (loss) per common share	$ 1.33	$ 0.30	$ 1.63

(in millions, except per share amounts)	Year Ended December 31, 2014 Continuing Operations	Discontinued Operations	Total
Numerator:			
Net income (loss)	$117.7	$ (42.1)	$ 75.6
Preferred stock dividends	10.4	—	10.4
Net income (loss) applicable to common shareowners — basic and diluted	$107.3	$ (42.1)	$ 65.2
Denominator:			
Weighted-average common shares outstanding — basic	208.5	208.5	208.5
Stock-based compensation arrangements	1.1	1.1	1.1
Weighted-average common shares outstanding — diluted	209.6	209.6	209.6
Basic and diluted earnings (loss) per common share	$ 0.51	$ (0.20)	$ 0.31

(in millions, except per share amounts)	Year Ended December 31, 2013 Continuing Operations	Discontinued Operations	Total
Numerator:			
Net income (loss)	$ (64.9)	$ 10.2	$ (54.7)
Preferred stock dividends	10.4	—	10.4
Net income (loss) applicable to common shareowners — basic and diluted	$ (75.3)	$ 10.2	$ (65.1)
Denominator:			
Weighted-average common shares outstanding — basic and diluted	205.9	205.9	205.9
Basic and diluted earnings (loss) per common share	$ (0.37)	$ 0.05	$ (0.32)

For the years ended December 31, 2015 and 2014, awards under the Company's stock-based compensation plans for common shares of 3.5 million and 3.6 million, respectively, were excluded from the computation of diluted EPS as their inclusion would have been anti-dilutive. For the year ended December 31, 2013, the

Company had a net loss available to common shareholders from continuing operations 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 4.5 million common shares was excluded as it was anti-dilutive.

6. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

(dollars in millions)	December 31, 2015	December 31, 2014	Depreciable Lives (Years)
Land and rights-of-way	$ 4.3	$ 4.3	20-Indefinite
Buildings and leasehold improvements	165.0	170.5	3-40
Network equipment	2,959.3	2,686.8	2-50
Office software, furniture, fixtures and vehicles	131.4	123.9	2-14
Construction in process	29.2	25.7	n/a
Gross value	3,289.2	3,011.2	
Accumulated depreciation	(2,313.7)	(2,195.8)	
Property, plant and equipment, net	$ 975.5	$ 815.4	

Depreciation expense on property, plant and equipment totaled $141.3 million, $127.2 million, and $126.3 million in 2015, 2014, and 2013, respectively. In 2015, approximately 79%, compared to approximately 81% in 2014 and 2013, of “Depreciation,” as presented in the Consolidated Statements of Operations, was associated with the cost of providing services. There are numerous assets included within network equipment resulting in a range of depreciable lives between 2 and 50 years, the majority of which fall within the range of 7 to 22 years. In the fourth quarter of 2015, we reduced the useful life of our copper assets from 15 years to 7 years as customers have continued to migrate to services provided by our fiber network.

No asset impairment losses were recognized in 2015 or 2013. During the year ended December 31, 2014, the Entertainment and Communications segment recognized an asset impairment loss of $4.6 million for the abandonment of an internal use software project.

As of December 31, 2015 and 2014, buildings and leasehold improvements, network equipment, and office software, furniture, fixtures and vehicles include $91.2 million and $39.8 million, respectively, of assets accounted for as capital leases. Concurrent with the shut-down of our wireless network, $57.7 million of fully depreciated capital lease assets were transferred to continuing operations as these assets were retained by the Company. These leases were reported in discontinued operations as of December 31, 2014, as they were still being utilized in our wireless operations. Depreciation of capital lease assets is included in “Depreciation and amortization” in the Consolidated Statements of Operations.

7. Goodwill and Intangible Assets

Goodwill

At December 31, 2015 and 2014, the gross value of goodwill was $14.3 million and $14.4 million, respectively. The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 were as follows:

(dollars in millions)	Entertainment and Communications	IT Services and Hardware	Total
Balance as of December 31, 2014 and 2013	$11.8	$ 2.6	$14.4
Disposal of asset	—	(0.1)	(0.1)
Balance as of December 31, 2015	$11.8	$ 2.5	$14.3

Intangible Assets Subject to Amortization

As of December 31, 2015 and 2014, intangible assets subject to amortization consisted of customer relationships. For the years ended December 31, 2015, 2014, and 2013, no impairment losses were recognized on intangible assets subject to amortization.

Summarized below are the carrying values for the intangible assets subject to amortization:

(dollars in millions)	Weighted-Average Life in Years	December 31, 2015		December 31, 2014	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships — Entertainment and Communications	10	$7.0	$6.8	$7.0	$6.5

Amortization expense for intangible assets subject to amortization was $0.3 million in 2015, $0.4 million in 2014, and $2.1 million in 2013.

The following table presents estimated amortization expense for the assets' remaining useful lives:

(dollars in millions)	
2016	$0.2

8. Debt and Other Financing Arrangements

The Company's debt consists of the following:

(dollars in millions)	December 31, 2015	December 31, 2014
Current portion of long-term debt:		
Corporate Credit Agreement — Tranche B Term Loan	$ 5.4	$ 5.4
Capital lease obligations and other debt	8.4	6.2
Current portion of long-term debt	13.8	11.6
Long-term debt, less current portion:		
Receivables Facility	17.6	19.2
8 3/4% Senior Subordinated Notes due 2018	—	300.0
Corporate Credit Agreement — Tranche B Term Loan	522.5	527.8
8 3/8% Senior Notes due 2020	478.5	661.2
7 1/4% Notes due 2023	26.3	40.0
Various Cincinnati Bell Telephone notes	128.7	134.5
Capital lease obligations and other debt	59.9	9.9
	1,233.5	1,692.6
Net unamortized discount	(1.7)	(3.2)
Long-term debt, less current portion	1,231.8	1,689.4
Total debt	$1,245.6	$1,701.0

Corporate Credit Agreement

Revolving Credit Facility

On November 20, 2012, the Company entered into a new credit agreement ("Corporate Credit Agreement") which provided for a $200.0 million revolving credit facility, with a sublimit of $30.0 million for letters of credit and a $25.0 million sublimit for swingline loans. Effective with the sale of 16.0 million partnership units to CyrusOne, Inc. on June 25, 2014 for $355.9 million, the amount available under the Corporate Credit Agreement's revolving credit facility was reduced to $150.0 million. However, the Company entered into an Incremental Assumption Agreement to the Company's existing Corporate Credit Agreement on April 6, 2015, and effective with the sale of 14.3 million CyrusOne LP operating partnership units on April 7, 2015, the aggregate available borrowings on the Corporate Credit Agreement's revolving credit facility increased to $175.0 million for the remainder of the term. The Corporate Credit Agreement's revolving credit facility has a maturity date of July 15, 2017. Borrowings under the Corporate Credit Agreement's revolving credit facility will be used to provide ongoing working capital and for other general corporate purposes of the Company. Availability under the Corporate Credit Agreement's revolving credit facility is subject to customary borrowing conditions.

Borrowings under the Corporate Credit Agreement's revolving credit facility bear interest, at the Company's election, at a rate per annum equal to (i) LIBOR plus the applicable margin or (ii) the base rate plus the applicable margin. The applicable margin for advances under the revolving facility is based on certain financial ratios and ranges between 3.50% and 4.25% for LIBOR rate advances and 2.50% and 3.25% for base rate advances. As of December 31, 2015, the applicable margin was 3.75% for LIBOR rate advances and 2.75% for base rate advances. Base rate is the higher of (i) the bank prime rate, (ii) the one-month LIBOR rate plus 1.00% and (iii) the federal funds rate plus 0.5%. At December 31, 2015, there were no outstanding borrowings under the Corporate Credit Agreement's revolving credit facility.

Amendment for Tranche B Term Loan Facility

On September 10, 2013, the Company amended and restated its Corporate Credit Agreement, originally dated as of November 20, 2012, to include a $540.0 million Tranche B Term Loan facility ("Tranche B Term Loan") that matures on September 10, 2020.

The Company received $529.8 million in net proceeds from the Tranche B Term Loan after deducting the original issue discount, fees and expenses. These proceeds were used to redeem all of the Company's $500.0 million 8 1⁄4% Senior Notes due 2017 ("8 1⁄4% Senior Notes") on October 15, 2013 at a redemption price of 104.125%, including payment of accrued interest thereon totaling $20.6 million.

The Tranche B Term Loan was issued with 0.75% of original issue discount and requires quarterly principal payments of 0.25% of the original principal amount. Loans under the Tranche B Term Loan bear interest, at the Company's election, at a rate per annum equal to (i) LIBOR (subject to a 1.00% floor) plus 3.00% or (ii) the base rate plus 2.00%. Base rate is the greatest of (a) the bank prime rate, (b) the one-month LIBOR rate plus 1.00% and (c) the federal funds rate plus 0.5%. At December 31, 2015, the interest rate on the outstanding Tranche B Term Loan was 4.00%.

In accordance with the terms of the amended Corporate Credit Agreement, the Company's ability to make restricted payments, which include share repurchases and common stock dividends, is limited to a total of $15.0 million, with certain permitted exceptions, given that its Consolidated Total Leverage Ratio, as defined by the Corporate Credit Agreement, exceeds 3.50 to 1.00 as of December 31, 2015. The Company may make restricted payments of $45.0 million annually when the Consolidated Total Leverage Ratio is less than or equal to 3.50 to 1.00. There are no dollar limits on restricted payments when the Consolidated Total Leverage Ratio is less than or equal to 3.00 to 1.00. These restricted payment limitations do not impact the Company's ability to make regularly scheduled dividend payments on its 6 3⁄4% Cumulative Convertible Preferred Stock. Furthermore, the Company may make restricted payments in the form of share repurchases or dividends up to 15% of CyrusOne sale proceeds, subject to a $35.0 million annual cap with carryovers.

The Corporate Credit Agreement was also modified to provide that the Tranche B Term Loan participates in mandatory prepayments, subject to the terms and conditions (including with respect to payment priority) set forth in the restated Corporate Credit Agreement. In addition, the Corporate Credit Agreement was modified to provide that 85%, rather than 100%, of proceeds from monetizing any portion of our CyrusOne common stock or CyrusOne LP partnership units, are applied to mandatory prepayments under the restated Corporate Credit Agreement, subject to the terms and conditions set forth therein. Other revisions were also effected pursuant to the amended agreement, including with respect to financial covenant compliance levels.

Effective November 5, 2014, the Company amended its Corporate Credit Agreement to, among other things, modify certain financial covenants governing leverage ratios and capital expenditures.

Guarantors and Security Interests, Corporate Credit Agreement (Including Tranche B Term Loan)

All existing and future subsidiaries of the Company (other than Cincinnati Bell Telephone Company LLC, Cincinnati Bell Funding LLC (and any other similar special purpose receivables financing subsidiary), Cincinnati Bell Shared Services LLC, Cincinnati Bell Extended Territories LLC, CBMSM Inc. and its direct and indirect subsidiaries, and the Company's joint ventures, subsidiaries prohibited by applicable law from becoming guarantors and foreign subsidiaries) are required to guarantee borrowings under the Corporate Credit Agreement. Debt outstanding under the Corporate Credit Agreement is secured by perfected first priority pledges of and security interests in (i) substantially all of the equity interests of the Company's U.S. subsidiaries (other than subsidiaries of non-guarantors of the Corporate Credit Agreement) and 66% of the equity interests in the first-tier foreign subsidiaries held by the Company and the guarantors under the Corporate Credit Agreement, (ii) certain personal property and intellectual property of the Company and its subsidiaries (other than that of non-guarantors of the Corporate Credit Agreement and certain other excluded property) and (iii) the Company's equity interests in CyrusOne and CyrusOne LP, both of which, together with their respective subsidiaries, are treated as non-subsidiaries of the Company and are not guarantors for purposes of the Corporate Credit Agreement.

Borrowings and Commitment Fees, Corporate Credit Agreement

As of December 31, 2015, the Company had no outstanding borrowings under the Corporate Credit Agreement's revolving credit facility, leaving $175.0 million available. As of December 31, 2014, the Company had no outstanding borrowings under the Corporate Credit Agreement's revolving credit facility, leaving $150.0 million available.

The Company pays commitment fees for the unused amount of borrowings on the Corporate Credit Agreement and letter of credit fees on outstanding letters of credit. The commitment fees are calculated based on the total leverage ratio and range between 0.500% and 0.625% of the actual daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations. These fees were $0.9 million in 2015 and 2014 and $1.0 million in 2013.

Accounts Receivable Securitization Facility

Cincinnati Bell Inc. and certain of its subsidiaries have an accounts receivable securitization facility ("Receivables Facility"), which permits maximum borrowings of up to $120.0 million as of December 31, 2015. CBT, CBET, Cincinnati Bell Any Distance Inc. ("CBAD"), Cincinnati Bell Any Distance of Virginia LLC, CBTS, and eVolve Business Solutions LLC ("eVolve") all participate in this facility. Cincinnati Bell Wireless ("CBW") also participated in the facility until it was withdrawn from the agreement effective June 1, 2015. 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. At December 31, 2015, the available borrowing capacity was $114.2 million.

The transferors sell their respective trade receivables on a continuous basis to CBF, a wholly-owned limited liability company. In turn, CBF grants, without recourse, a senior undivided interest in the pooled receivables to various purchasers, including commercial paper conduits, in exchange for cash while maintaining a subordinated undivided interest in the form of over-collateralization in the pooled receivables. The transferors have agreed to continue servicing the receivables for CBF at market rates; accordingly, no servicing asset or liability has been recorded. On June 1, 2015, the Company executed an amendment of its Receivables Facility, which replaced, amended and added certain provisions and definitions to increase the credit availability, renew the facility, which is subject to renewal every 364 days, until May 30, 2016, extend the facility's termination date to May 30, 2018, and include a Libor Market Index Rate floor of zero. Also on June 1, 2015, the Company amended the Receivables Facility to allow CBW to withdraw as a party from the agreement and to be relieved of all of its rights and obligations thereunder. CBW was required to purchase certain receivables that it previously sold to Cincinnati Bell Funding LLC, amounting to $1.7 million.

Although CBF is a wholly-owned consolidated subsidiary of the Company, CBF is legally separate from the Company and each of the Company's other subsidiaries. Upon and after the sale or contribution of the accounts receivable to CBF, such accounts receivable are legally assets of CBF, and, as such, are not available to creditors of other subsidiaries or the parent company.

For the purposes of consolidated financial reporting, the Receivables Facility is accounted for as secured financing. Because CBF has the ability to prepay the Receivables Facility at any time by making a cash payment and effectively repurchasing the receivables transferred pursuant to the facility, the transfers do not qualify for "sale" treatment on a consolidated basis under ASC 860, "Transfers and Servicing."

Of the total borrowing capacity of $114.2 million at December 31, 2015, $17.6 million consisted of outstanding borrowings and $6.3 million consisted of outstanding letters of credit. Interest on the Receivables Facility is based on the LIBOR rate plus 0.5%. The average interest rate on the Receivables Facility was 0.7% in 2015. The Company pays letter of credit fees on the securitization facility and also pays commitment fees on the total facility. These fees were $0.8 million in 2015 and 2014 and $0.7 million in 2013.

8⅜% Senior Notes due 2020

In the fourth quarter of 2010, the Company issued $775.0 million of 8⅜% Senior Notes due 2020 ("8⅜% Senior Notes"), which are fixed rate bonds to maturity. Interest on the 8⅜% Senior Notes is payable semi-annually in cash in arrears on April 15 and October 15 of each year, commencing April 15, 2011. The 8⅜% Senior Notes are unsecured senior obligations ranking equally with all existing and future senior debt and ranking senior to all existing and future senior subordinated indebtedness and subordinated indebtedness. Each of the Company's current and future subsidiaries that is a guarantor under the Corporate Credit Agreement is also a guarantor of the 8⅜% Senior Notes on an unsecured senior basis, with certain immaterial exceptions. The indenture governing the 8⅜% Senior Notes contains covenants including but not limited to the following: limitations on dividends to shareowners and other restricted payments; dividend and other payment restrictions affecting the Company's subsidiaries such that the subsidiaries are not permitted to enter into an agreement that would limit their ability to make dividend payments to the parent; issuance of indebtedness; asset dispositions; transactions with affiliates; liens; investments; issuances and sales of capital stock of subsidiaries; and redemption of debt that is junior in right of payment. The indenture governing the 8⅜% Senior Notes provides for customary events of default, including for nonpayment at final maturity and for a default of any other existing debt instrument that exceeds $35.0 million.

The Company may redeem the 8⅜% Senior Notes for a redemption price of 102.792%, 101.396% and 100.000% on or after October 15, 2016, 2017, and 2018, respectively. In the fourth quarter of 2014, the Company redeemed $22.7 million of its outstanding 8⅜% Senior Notes due 2020 at par. During 2015, the Company purchased $182.7 million of its outstanding 8⅜% Senior Notes due 2020 at an average redemption price of 105.543% which resulted in recording a loss on extinguishment of debt of $10.9 million.

7¼% Notes due 2023

In 1993, the Company issued $50.0 million of 7¼% Notes due 2023 ("7¼% Notes"). The 7¼% Notes rank ratably to the 8⅜% Senior Notes and senior to the CBT Notes. The indenture related to the 7¼% Notes does not subject the Company to restrictive financial covenants, but it does contain a covenant providing that if the Company incurs certain liens on its property or assets, the Company must secure the outstanding 7¼% Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Corporate Credit Agreement have resulted in the debt outstanding under the 7¼% Notes being secured equally and ratably with the obligations secured under the Corporate Credit Agreement. Interest on the 7¼% Notes is payable semi-annually on June 15 and December 15. The Company may not call the 7¼% Notes prior to maturity. The indenture governing the 7¼% Notes provides for customary events of default, including for failure to make any payment when due and for one or more defaults of any other existing debt instruments that exceeds $20.0 million, in the aggregate.

In the fourth quarter of 2015, the Company redeemed $13.7 million of its outstanding 7¼% Notes due 2023 at an average redemption price of 99.853% which resulted in a loss on extinguishment of debt of $0.1 million.

Cincinnati Bell Telephone Notes

In 1998, CBT's predecessor issued $150.0 million in aggregate principal of 6.30% unsecured senior notes due 2028 (the "CBT Notes"), which are guaranteed on a subordinated basis by the Company but not its subsidiaries. The indenture related to the CBT Notes does not subject the Company or CBT to restrictive financial covenants, but it does contain a covenant providing that if CBT incurs certain liens on its property or assets, CBT must secure the outstanding CBT Notes equally and ratably with the indebtedness or obligations secured by such liens. The maturity date of the CBT notes is in 2028, and the CBT Notes may be redeemed at any time at a redemption price equal to the greater of 100% of the principal amount of the CBT Notes to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest to maturity, plus accrued interest to the redemption date. The indenture governing the CBT Notes provides for customary events of default, including for failure to make any payment when due and for one or more defaults of any other existing debt instruments of the Company or CBT that exceeds $20.0 million, in the aggregate.

In the fourth quarter of 2015, the Company redeemed $5.8 million of its outstanding CBT Notes at an average redemption price of 90.840% which resulted in a gain on extinguishment of debt of $0.5 million.

Capital Lease Obligations

Capital lease obligations represent our obligation for certain leased assets, including vehicles and various equipment. These leases generally contain renewal or buyout options.

Debt Maturity Schedule

The following table summarizes our annual principal maturities of debt and capital leases for the five years subsequent to December 31, 2015, and thereafter:

(dollars in millions)	Debt	Capital Leases	Total Debt
Year ended December 31,			
2016	$ 5.9	$ 7.9	$ 13.8
2017	5.6	5.0	10.6
2018	23.0	4.0	27.0
2019	5.4	3.8	9.2
2020	984.8	2.6	987.4
Thereafter	155.0	44.3	199.3
	1,179.7	67.6	1,247.3
Net unamortized discount	(1.7)	—	(1.7)
Total debt	$1,178.0	$67.6	$1,245.6

Total capital lease payments including interest are expected to be $12.3 million for 2016, $9.1 million for 2017, $7.9 million for 2018, $7.4 million for 2019, $6.0 million for 2020, and $61.8 million thereafter.

Effective March 31, 2015, $54.5 million of capital lease obligations were retained by the Company in conjunction with discontinuing wireless operations.

Deferred Financing Costs

Deferred financing costs are costs incurred in connection with obtaining long-term financing. In 2015 and 2014, deferred financing costs incurred related to amending the Corporate Credit Agreement and renewing the Receivables Facility were $0.4 million and $0.9 million, respectively. As of December 31, 2015 and 2014, deferred financing costs totaled $11.2 million and $18.5 million, respectively. Deferred financing costs are amortized over the term of the related indebtedness or credit agreement. Amortization of deferred financing costs, included in "Interest expense" in the Consolidated Statements of Operations, totaled $4.1 million in 2015, $5.1 million in 2014, and $5.9 million in 2013.

Debt Covenants

Corporate Credit Agreement

The Corporate Credit Agreement has financial covenants that require the Company to maintain certain leverage and interest coverage ratios and comply with annual limitations on capital expenditures. As of December 31, 2015, these ratios and limitations include a maximum consolidated total leverage ratio of 6.50, a maximum consolidated senior secured leverage ratio of 3.50, a minimum consolidated interest coverage ratio of 1.50 and a 2015 maximum capital expenditure limitation of $319.2 million. Capital expenditures are permitted subject to predetermined annual thresholds which are not to exceed $626.4 million in the aggregate over the next three years. In 2015, capital expenditures for the Company totaled $283.6 million. In addition, the Corporate Credit Agreement contains customary affirmative and negative covenants including, but not limited to, restrictions on the Company's ability to incur additional indebtedness, create liens, pay dividends, make certain investments, prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The Corporate Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds and grace periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders, ERISA defaults, invalidity of loan documents or guarantees, and certain change of control events. If the Company were to violate any of its covenants and were unable to obtain a waiver, it would be considered a default. If the Company were in default under the Corporate Credit Agreement, no additional borrowings under this facility would be available until the default was waived or cured.

The Tranche B Term Loan is subject to the same affirmative and negative covenants and events of default as the Corporate Credit Agreement, except that a breach of the financial covenants will not result in an event of default under the Tranche B Term Loan unless and until the agent or a majority in interest of the lenders under the Corporate Credit Agreement have terminated the commitments under the Corporate Credit Agreement or accelerated the loans then outstanding under the Corporate Credit Agreement in response to such breach.

Public Indentures

The Company's public debt, which includes the 8⅜% Senior Notes due 2020, is 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.

One of the financial covenants permits the issuance of additional Indebtedness up to a 4:00 to 1:00 Consolidated Adjusted Senior Debt to EBITDA ratio (as defined by the individual indenture). Once this ratio exceeds 4: 00 to 1: 00, the Company is not in default; however, additional indebtedness may only be incurred in specified permitted baskets, including a credit agreement basket providing full access to the $175.0 million revolving credit facility of the Corporate Credit Agreement plus an additional $197.1 million of secured debt. Also, the Company's ability to make Restricted Payments (as defined by the individual indenture) would be limited, including common stock dividend payments or repurchasing outstanding Company shares. If the Company is under the 4:00 to 1:00 ratio on a pro forma basis, the Company may access its restricted payments basket, which provides the ability to repurchase shares or pay dividends. In addition, the Company may designate one or more of its subsidiaries as Unrestricted (as defined in the various indentures) such that any Unrestricted Subsidiary (as defined in the various indentures) would generally not be subject to the restrictions of these various indentures. However, certain provisions which govern the Company's relationship with Unrestricted Subsidiaries would begin to apply.

Extinguished Notes

In the third quarter of 2014, the Company redeemed $325.0 million of its 8¾% Senior Subordinated Notes due 2018 at a redemption price of 104.375%. As a result of the redemption, the Company recorded a debt extinguishment loss of $19.4 million. Additionally, in the second quarter of 2015, the Company redeemed the remaining $300.0 million of outstanding 8¾% Senior Subordinated Notes due 2018 at a redemption rate of 102.188%. As a result, the Company recorded a loss on extinguishment of debt of $10.4 million.

In the fourth quarter of 2013, the Company redeemed all of the $500.0 million of 8¼% Senior Notes due 2017 ("8¼% Senior Notes") at a redemption price of 104.125% using proceeds from the Corporate Credit Agreement Tranche B Term Loan facility that was issued on September 10, 2013. As a result, the Company recorded a debt extinguishment loss of $29.6 million for the year ended December 31, 2013.

9. Commitments and Contingencies

Operating Lease Commitments

The Company leases certain circuits, facilities, and equipment used in its operations. Operating lease expense was $10.1 million, $7.4 million, and $6.5 million in 2015, 2014, and 2013, respectively. In 2015, our

retail stores, which were previously used to support our wireless operations, were re-branded to support the growth of our Fioptics suite of products. Rent expense associated with our retail locations totaled $0.8 million in 2015. Certain facility leases provide for renewal options with fixed rent escalations beyond the initial lease term.

At December 31, 2015, future minimum lease payments required under operating leases having initial or remaining non-cancellable lease terms for the next five years are as follows:

(dollars in millions)	
2016	$ 3.9
2017	3.7
2018	2.6
2019	2.5
2020	2.3
Thereafter	22.0
Total	$37.0

Asset Retirement Obligations

Asset retirement obligations exist for certain other assets. Effective March 31, 2015, certain asset retirement obligations related to our wireless towers were reclassified to continuing operations as the obligations relate to tower leases retained by the Company. The following table presents the activity for the Company's asset retirement obligations, which are included in "Other noncurrent liabilities" in the Consolidated Balance Sheets:

	December 31,	
(dollars in millions)	2015	2014
Balance, beginning of period	$ 1.6	$ 1.7
Asset retirement obligations reclassified from discontinued operations	10.9	—
Liabilities settled	(5.0)	(0.2)
Revision to estimated cash flow	(2.9)	—
Accretion expense	0.2	0.1
Balance, end of period	$ 4.8	$ 1.6

Indemnifications

During the normal course of business, the Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. These include (a) intellectual property indemnities to customers in connection with the use, sale, and/or license of products and services, (b) indemnities to customers in connection with losses incurred while performing services on their premises, (c) indemnities to vendors and service providers pertaining to claims based on negligence or willful misconduct of the Company, (d) indemnities involving the representations and warranties in certain contracts, and (e) outstanding letters of credit which totaled $6.3 million as of December 31, 2015. In addition, the Company has made contractual commitments to several employees providing for payments upon the occurrence of certain prescribed events. The majority of these indemnities, commitments, and guarantees do not provide for any limitation on the maximum potential for future payments that the Company could be obligated to make.

As permitted under Ohio law, the Company has agreements whereby the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification period is for the lifetime of the officer or director. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits the Company's exposure and enables the Company to recover a portion of any future amounts paid. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these

indemnification agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2015 or 2014.

Purchase Commitments

The Company has noncancellable purchase commitments related to certain goods and services. These agreements typically range from one to three years. As of December 31, 2015 and 2014, the minimum commitments for these arrangements were approximately $166 million and $178 million, respectively. The Company generally has the right to cancel open purchase orders prior to delivery and to terminate the contracts without cause.

Litigation

Cincinnati Bell and its subsidiaries are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe the liabilities accrued for legal contingencies in our consolidated financial statements, as prescribed by GAAP, are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2015, cannot be reasonably determined.

Contingent Compensation Plan

In 2010, the Company's Board of Directors approved long-term incentive programs for certain members of management. Payment was contingent upon the completion of a qualifying transaction and attainment of an increase in the equity value of the data center business, as defined in the plans.

The CyrusOne IPO completed on January 24, 2013 was a qualifying transaction and triggered payments under this contingent compensation plan. For the year ended December 31, 2013, compensation expense of $42.6 million was recognized for these awards and other transaction-related incentives, of which $20.0 million was associated with CyrusOne employees. This expense has been presented as transaction-related compensation in our Consolidated Statement of Operations for the year ended December 31, 2013.

10. Financial Instruments and Fair Value Measurements

Fair Value of Financial Instruments

The carrying values of our financial instruments do not materially differ from the estimated fair values as of December 31, 2015 and 2014, except for the Company's investment in CyrusOne and long-term debt.

The carrying value and fair value of the Company's financial instruments are as follows:

	December 31, 2015		December 31, 2014	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Investment in CyrusOne	$ 55.5	$ 257.9	$ 273.6	$ 785.0
Long-term debt, including current portion*	1,178.0	1,155.6	1,686.1	1,717.4

* Excludes capital leases.

The fair value of our investment in CyrusOne was based on the closing market price of CyrusOne's common stock on December 31, 2015 and 2014. This fair value measurement is considered Level 1 of the fair value hierarchy.

The fair value of debt instruments was based on closing or estimated market prices of the Company's debt at December 31, 2015 and 2014, which is considered Level 2 of the fair value hierarchy.

Non-Recurring Fair Value Measurements

Certain long-lived assets, intangibles, and goodwill are required to be measured at fair value on a non-recurring basis subsequent to their initial measurement. These non-recurring fair value measurements generally occur when evidence of impairment has occurred. In 2015 and 2013, no assets were remeasured at fair value. During 2014, the following assets were remeasured at fair value in connection with impairment tests:

		Fair Value Measurements Using			
(dollars in millions)	Year Ended December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Impairment Losses
Property:					
Office software, furniture, fixtures, & vehicles (Entertainment and Communications)	—	—	—	—	$(4.6)
Impairment of assets					$(4.6)

In 2014, certain software projects for our Entertainment and Communications segment were abandoned. These assets had no fair value, as they were no longer being used, resulting in an impairment loss of $4.6 million in 2014. Historically, management used the income approach to determine fair value of the assets, but since the assets will not be used in the future, there are no expected future earnings attributable and the entire value of the asset was impaired. This fair value measurement is considered a Level 3 measurement due to the significance of its unobservable inputs.

11. Restructuring Charges

Restructuring liabilities have been established for employee separations, lease abandonment and contract terminations. A summary of activity in the restructuring liability is shown below:

(dollars in millions)	Employee Separation	Lease Abandonment	Other	Total
Balance as of December 31, 2012	$ 6.5	$ 5.2	$ 0.2	$ 11.9
Charges	9.0	3.9	0.6	13.5
Utilizations	(7.1)	(3.3)	(0.7)	(11.1)
Balance as of December 31, 2013	8.4	5.8	0.1	14.3
Charges/(Reversals)	1.0	(1.4)	—	(0.4)
Utilizations	(6.4)	(2.6)	—	(9.0)
Balance as of December 31, 2014	3.0	1.8	0.1	4.9
Charges	3.3	0.3	2.4	6.0
Utilizations	(6.1)	(1.3)	(2.4)	(9.8)
Balance as of December 31, 2015	$ 0.2	$ 0.8	$ 0.1	$ 1.1

Employee separation costs consist of severance to be paid pursuant to the Company's written severance plan. In 2015, employee separation charges were associated with discontinuing our cyber-security product offering and integrating each of our segments' business markets. In 2014, employee separation charges included charges attributable to outsourcing a portion of our IT function and incurring consulting fees related to a workforce optimization initiative. During 2013, employee separation costs included consulting fees related to a workforce optimization initiative.

Lease abandonment costs represent future minimum lease obligations, net of expected sublease income, for abandoned facilities. Reversals in 2014 were related to previously abandoned leased space that was reoccupied in the third quarter. Lease payments on abandoned facilities will continue through 2019.

Other charges in 2015 represent project related expenses as we continue to identify opportunities to integrate the business markets within our Entertainment and Communications and IT Services & Hardware segments. For 2013, contract terminations consisted of amounts due to a distributor to terminate a contractual agreement.

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, 2012	$ 8.6	$ 0.5	$ 2.8	$ 11.9
Charges	9.1	0.7	3.7	13.5
Utilizations	(7.2)	(0.4)	(3.5)	(11.1)
Balance as of December 31, 2013	10.5	0.8	3.0	14.3
Charges/(Reversals)	(0.5)	—	0.1	(0.4)
Utilizations	(6.1)	(0.5)	(2.4)	(9.0)
Balance as of December 31, 2014	3.9	0.3	0.7	4.9
Charges	1.6	2.8	1.6	6.0
Utilizations	(4.7)	(2.8)	(2.3)	(9.8)
Balance as of December 31, 2015	$ 0.8	$ 0.3	$ —	$ 1.1

At December 31, 2015 and 2014, $0.9 million and $4.9 million, respectively, of the restructuring liabilities were included in "Other current liabilities." At December 31, 2015, $0.2 million was included in "Other noncurrent liabilities."

12. Pension and Postretirement Plans

Savings Plans

The Company sponsors several defined contribution plans covering substantially all employees. The Company's contributions to the plans are based on matching a portion of the employee contributions. Both employer and employee contributions are invested in various investment funds at the direction of the employee. Employer contributions to the defined contribution plans were $7.0 million, $6.4 million, and $6.2 million in 2015, 2014, and 2013, respectively.

Pension and Postretirement Plans

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees, and one supplemental, nonqualified, unfunded plan for certain former senior executives. The management pension plan is a cash balance plan in which the pension benefit is determined by a combination of compensation-based credits and annual guaranteed interest credits. Pension plan amendments were approved in May 2013 and the Company remeasured the associated pension obligations. As a result of the pension plan amendment, the Company recorded a curtailment gain of $0.6 million and a $10.3 million reduction to the associated pension obligations during the second quarter of 2013. The non-management pension plan is also a cash balance plan in which the combination of service and job-classification-based credits and annual interest credits determine the pension benefit. During the second quarter of 2015, the non-management pension plan was amended to eliminate all future pension credits and transition benefits. As a result, we recognized a curtailment loss of $0.3 million and a $1.7 million reduction to the associated pension obligations. Benefits for the supplemental plan are based on eligible pay, adjusted for age and service upon retirement. We fund both the management and non-management plans in an irrevocable trust through contributions, which are determined using the traditional unit credit cost method. We also use the traditional unit credit cost method for determining pension cost for financial reporting purposes.

The Company also provides healthcare and group life insurance benefits for eligible retirees. We fund healthcare benefits and other group life insurance benefits using Voluntary Employee Benefit Association ("VEBA") trusts. It is our practice to fund amounts as deemed appropriate from time to time. Contributions are subject to Internal Revenue Service ("IRS") limitations developed using the traditional unit credit cost method. The actuarial expense calculation for our postretirement health plan is based on numerous assumptions, estimates, and judgments including healthcare cost trend rates and cost sharing with retirees. Retiree healthcare benefits are being phased out for both management and certain retirees.

Components of Net Periodic Cost

The following information relates to noncontributory defined benefit pension plans, postretirement healthcare plans, and life insurance benefit plans. Approximately 12% in 2015, 8% in 2014, and 10% in 2013 of these costs were capitalized to property, plant and equipment related to network construction in the Entertainment and Communications segment. Pension and postretirement benefit costs for these plans were comprised of:

	Pension Benefits			Postretirement and Other Benefits		
(dollars in millions)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Service cost	$ 0.3	$ 1.0	$ 2.1	$ 0.3	$ 0.3	$ 0.4
Interest cost on projected benefit obligation	19.0	21.0	18.8	3.3	4.0	4.0
Expected return on plan assets	(29.2)	(28.1)	(25.7)	—	—	—
Amortization of:						
Prior service cost (benefit)	0.1	0.2	0.2	(15.4)	(15.4)	(14.1)
Actuarial loss	24.9	17.3	22.0	5.4	5.4	5.6
Curtailment loss (gain)	0.3	—	(0.6)	—	—	—
Pension/postretirement cost (benefit)	$ 15.4	$ 11.4	$ 16.8	$ (6.4)	$ (5.7)	$ (4.1)

The following are the weighted-average assumptions used in measuring the net periodic cost of the pension and postretirement benefits:

	Pension Benefits			Postretirement and Other Benefits		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
Discount rate	3.40%*	4.20%	3.30%**	3.40%	4.10%	3.40%***
Expected long-term rate of return	7.75%	7.75%	7.75%	—	—	—
Future compensation growth rate	—	—	3.00%	—	—	—

* Discount rate used for the remeasurement of the non-management pension plan in April 2015 was consistent with the discount rate previously established.

** Discount rate used for the remeasurement of the management pension plan in May 2013 was consistent with the discount rate previously established.

*** For the period January 1, 2013 through July 31, 2013, the date of the remeasurement, we used a 3.10% discount rate. From that date through December 31, 2013, we used a 3.90% discount rate.

The expected long-term rate of return on plan assets, developed using the building block approach, is based on the mix of investments held directly by the plans and the current view of expected future returns, which is influenced by historical averages. Changes in actual asset return experience and discount rate assumptions can impact the Company's operating results, financial position and cash flows.

Benefit Obligation and Funded Status

Changes in the plans' benefit obligations and funded status are as follows:

(dollars in millions)	Pension Benefits 2015	Pension Benefits 2014	Postretirement and Other Benefits 2015	Postretirement and Other Benefits 2014
Change in benefit obligation:				
Benefit obligation at January 1,	$ 577.3	$ 523.0	$109.0	$101.5
Service cost	0.3	1.0	0.3	0.3
Interest cost	19.0	21.0	3.3	4.0
Actuarial (gain) loss	(18.8)	73.5	(10.9)	13.3
Benefits paid	(47.3)	(41.2)	(12.7)	(15.2)
Retiree drug subsidy received	—	—	0.2	0.5
Other	—	—	3.9	4.6
Benefit obligation at December 31,	$ 530.5	$ 577.3	$ 93.1	$109.0
Change in plan assets:				
Fair value of plan assets at January 1,	$ 424.3	$ 399.3	$ 11.0	$ 11.3
Actual return on plan assets	(10.5)	44.2	0.1	0.4
Employer contributions	11.6	22.0	11.7	14.0
Retiree drug subsidy received	—	—	0.2	0.5
Benefits paid	(47.3)	(41.2)	(12.7)	(15.2)
Fair value of plan assets at December 31,	378.1	424.3	10.3	11.0
Unfunded status	$(152.4)	$(153.0)	$ (82.8)	$ (98.0)

The following are the weighted-average assumptions used in accounting for and measuring the projected benefit obligations:

	Pension Benefits December 31, 2015	Pension Benefits December 31, 2014	Postretirement and Other Benefits December 31, 2015	Postretirement and Other Benefits December 31, 2014
Discount rate	3.80%	3.40%	3.70%	3.40%
Expected long-term rate of return	7.75%	7.75%	—	—
Future compensation growth rate	—	—	—	—

The assumed healthcare cost trend rate used to measure the postretirement health benefit obligation is shown below:

	December 31, 2015	December 31, 2014
Healthcare cost trend	6.5%	6.5%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	4.5%	4.5%
Year the rates reach the ultimate trend rate	2020	2018

A one-percentage point change in assumed healthcare cost trend rates would have the following effect on the postretirement benefit costs and obligation:

(dollars in millions)	1% Increase	1% Decrease
Service and interest costs for 2015	$0.2	$(0.1)
Postretirement benefit obligation at December 31, 2015	4.2	(3.8)

The projected benefit obligation is recognized in the Consolidated Balance Sheets as follows:

(dollars in millions)	Pension Benefits December 31, 2015	Pension Benefits December 31, 2014	Postretirement and Other Benefits December 31, 2015	Postretirement and Other Benefits December 31, 2014
Accrued payroll and benefits (current liability)	$ 2.1	$ 2.2	$10.1	$12.0
Pension and postretirement benefit obligations (noncurrent liability)	150.3	150.8	72.7	86.0
Total	$152.4	$153.0	$82.8	$98.0

Amounts recognized in “Accumulated other comprehensive loss” in the Consolidated Balance Sheets which have not yet been recognized in net pension costs consisted of the following:

(dollars in millions)	Pension Benefits December 31, 2015	Pension Benefits December 31, 2014	Postretirement and Other Benefits December 31, 2015	Postretirement and Other Benefits December 31, 2014
Prior service (cost) benefit, net of tax of ($0.1), ($0.2), $15.8, $21.3	$ (0.2)	$ (0.5)	$ 28.6	$ 38.5
Actuarial loss, net of tax of ($90.4), ($91.5), ($23.0), ($29.3)	(157.8)	(160.7)	(40.9)	(50.9)
Total	$(158.0)	$(161.2)	$(12.3)	$(12.4)

Amounts recognized in “Accumulated other comprehensive loss” on the Consolidated Statements of Shareowners’ Deficit and the Consolidated Statements of Comprehensive Income are shown below:

(dollars in millions)	Pension Benefits 2015	Pension Benefits 2014	Postretirement and Other Benefits 2015	Postretirement and Other Benefits 2014
Prior service cost recognized:				
Reclassification adjustments	$ 0.4	$ 0.2	$(15.4)	$(15.4)
Actuarial (loss) gain recognized:				
Reclassification adjustments	24.9	17.3	5.4	5.4
Actuarial (loss) gain arising during the period	(20.9)	(57.5)	10.9	(12.9)

The following amounts currently included in “Accumulated other comprehensive loss” are expected to be recognized in 2016 as a component of net periodic pension and postretirement cost:

(dollars in millions)	Pension Benefits	Postretirement and Other Benefits
Prior service cost (benefit)	$ 0.1	$(14.8)
Actuarial loss	18.2	4.9
Total	$18.3	$ (9.9)

Plan Assets, Investment Policies and Strategies

The primary investment objective for the trusts holding the assets of the pension and postretirement plans is preservation of capital with a reasonable amount of long-term growth and income without undue exposure to risk. This is provided by a balanced strategy using fixed income and equity securities. The target allocations for the pension plan assets are 65% equity securities and 35% investment grade fixed income securities. Equity securities are primarily held in the form of passively managed funds that seek to track the performance of a benchmark index. Equity securities include investments in growth and value common stocks of companies

located in the United States, which represents approximately 60% of the equity securities held by the pension plans at December 31, 2015 as well as stock of international companies located in both developed and emerging markets around the world. Fixed income securities primarily include holdings of funds, which generally invest in a variety of intermediate and long-term investment grade corporate bonds from diversified industries. The postretirement plan assets are currently invested in a group insurance contract.

The fair values of the pension and postretirement plan assets at December 31, 2015 and 2014 by asset category are as follows:

(dollars in millions)	December 31, 2015	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$147.8	$147.8	$—	$ —
International equity index funds	97.0	97.0	—	—
Fixed income bond funds	133.3	133.3	—	—
Group insurance contract	10.3	—	—	10.3
Total	$388.4	$378.1	$—	$10.3

(dollars in millions)	December 31, 2014	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$212.3	$212.3	$—	$ —
International equity index funds	61.1	61.1	—	—
Fixed income bond funds	150.9	150.9	—	—
Group insurance contract	11.0	—	—	11.0
Total	$435.3	$424.3	$—	$11.0

The fair values of Level 1 investments are based on quoted prices in active markets.

The Level 3 investment consists of a group insurance contract as of December 31, 2015 and 2014. The contract is valued at contract value plus accrued interest, which approximates fair value. During the fourth quarter of 2014, the Company liquidated the real estate pooled funds within the pension plan master trust that had been categorized as Level 3 investments. The proceeds from the sale were reinvested in equity securities and investment grade fixed income securities similar to those currently held by the pension plan master trust. These new investments are classified as Level 1 investments.

The Level 3 investments had the following changes in 2015 and 2014:

	Pension		Postretirement and Other Benefits	
(dollars in millions)	2015	2014	2015	2014
Balance, beginning of year	$—	$ 30.8	$11.0	$11.3
Realized gains, net	—	3.2	0.3	0.4
Purchases, sales, issuances and settlements, net	—	(34.0)	(1.0)	(0.7)
Balance, end of year	$—	$ —	$10.3	$11.0

Contributions to our qualified pension plans were $10.3 million in 2015, $19.7 million in 2014, and $42.1 million in 2013. Contributions to our non-qualified pension plan were $2.2 million in 2015, $2.3 million in 2014 and $2.9 million in 2013.

Based on current assumptions, management believes it will not make any contributions to the qualified pension plan in 2016. Contributions to non-qualified pension plans in 2016 are expected to be approximately $2 million. Management expects to make cash payments of approximately $10 million related to its postretirement health plans in 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten years:

(dollars in millions)	Pension Benefits	Postretirement and Other Benefits	Medicare Subsidy Receipts
2016	$ 42.3	$10.6	$(0.5)
2017	41.5	9.8	(0.5)
2018	41.2	9.2	(0.5)
2019	39.4	7.9	(0.5)
2020	38.8	7.1	(0.4)
Years 2021 — 2025	174.9	30.8	(1.7)

13. Shareowners' Deficit

Common Shares

The par value of the Company's common shares is $0.01 per share. At December 31, 2015 and 2014, common shares outstanding were 209,876,949 and 209,296,068, respectively.

In 2010, the Board of Directors approved a plan for repurchase of up to $150.0 million of the Company's common shares. In 2015, 2014, and 2013, no shares were repurchased or retired under this plan. As of December 31, 2015, the Company had the authority to repurchase $129.2 million of its common stock.

At December 31, 2015, treasury shares of common stock held under certain management deferred compensation arrangements were 0.1 million, with a total cost of $0.5 million. At December 31, 2014, treasury shares of common stock held under certain management deferred compensation arrangements were 0.3 million, with a total cost of $1.1 million.

Preferred Shares

The Company is authorized to issue 1,357,299 shares of voting preferred stock without par value and 1,000,000 shares of nonvoting preferred stock without par value. The Company issued 155,250 voting shares of 6¾% cumulative convertible preferred stock at stated value. These shares were subsequently deposited into a trust in which the underlying 155,250 shares are equivalent to 3,105,000 depositary shares. Shares of this preferred stock can be converted at any time at the option of the holder into common stock of the Company at a conversion rate of 1.44 shares of the Company common stock per depositary share of 6¾% convertible preferred stock. Annual dividends of $67.50 per share (or $3.3752 per depositary share) on the outstanding 6¾% convertible preferred stock are payable quarterly in arrears in cash, or in common stock in certain circumstances if cash payment is not legally permitted. The liquidation preference on the 6¾% preferred stock is $1,000 per share (or $50 per depositary share). The Company paid $10.4 million in preferred stock dividends in 2015, 2014, and 2013.

Accumulated Other Comprehensive Loss

Shareowners' deficit includes an accumulated other comprehensive loss that is comprised of pension and postretirement unrecognized prior service cost and unrecognized actuarial losses, and foreign currency translation losses.

For the years ended December 31, 2015 and 2014, the changes in accumulated other comprehensive loss by component were as follows:

(dollars in millions)	Unrecognized Net Periodic Pension and Postretirement Benefit Cost	Foreign Currency Translation Loss	Total
Balance as of December 31, 2013	$(133.1)	$(0.2)	$(133.3)
Foreign currency loss	—	(0.1)	(0.1)
Remeasurement of benefit obligations	(45.4)	—	(45.4)
Reclassifications, net (a)	4.9	—	4.9
Balance as of December 31, 2014	(173.6)	(0.3)	(173.9)
Foreign currency loss	—	(0.4)	(0.4)
Remeasurement of benefit obligations	(6.6)	—	(6.6)
Reclassifications, net (a)	9.9	—	9.9
Balance as of December 31, 2015	$(170.3)	$(0.7)	$(171.0)

(a) These reclassifications are included in the components of net period pension and postretirement benefit costs (see Note 12 for additional details). The components of net period pension and postretirement benefit cost are reported within "Cost of services", "Cost of products sold", and "Selling, general and administrative" expenses on the Consolidated Statements of Operations.

14. Income Taxes

Income tax expense for continuing operations consisted of the following:

(dollars in millions)	Year Ended December 31, 2015	2014	2013
Current:			
Federal	$ 9.2	$ 9.3	$ —
State and local	1.7	1.9	—
Total current	10.9	11.2	—
Investment tax credits	(0.2)	(0.2)	(0.2)
Deferred:			
Federal	149.4	69.6	(18.5)
State and local	5.2	1.9	(4.0)
Foreign	—	—	0.3
Total deferred	154.6	71.5	(22.2)
Valuation allowance	(5.5)	(1.1)	14.1
Total	$159.8	$81.4	$ (8.3)

Form 10-K

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate for each year:

	Year Ended December 31,		
	2015	2014	2013
U.S. federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax	0.7	0.8	1.5
Change in valuation allowance, net of federal income tax	(0.8)	(2.0)	(12.4)
State net operating loss adjustments	0.3	1.9	2.1
Nondeductible interest expense	—	2.7	(8.9)
Unrecognized tax benefit changes	0.2	1.4	(1.7)
Nondeductible compensation	0.1	0.7	(2.0)
Foreign	—	—	(0.5)
Other differences, net	—	0.4	(1.7)
Effective tax rate	35.5%	40.9%	11.4%

The income tax (benefit) provision was charged to continuing operations, discontinued operations, accumulated other comprehensive income or additional paid-in capital as follows:

	Year Ended December 31,		
(dollars in millions)	2015	2014	2013
Income tax (benefit) provision related to:			
Continuing operations	$159.8	$ 81.4	$ (8.3)
Discontinued operations	34.8	(24.0)	5.8
Accumulated other comprehensive income (loss)	2.0	(22.4)	42.1
Excess tax benefits on stock option exercises	(0.1)	(0.1)	(0.5)

The components of our deferred tax assets and liabilities were as follows:

	December 31,	
(dollars in millions)	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	$142.0	$286.5
Pension and postretirement benefits	89.1	95.5
Investment in CyrusOne	68.9	64.5
Deferred gain on sale of wireless spectrum licenses	—	42.2
AMT Credit Carryforward	32.7	24.7
Other	43.8	47.4
Total deferred tax assets	376.5	560.8
Valuation allowance	(58.4)	(64.4)
Total deferred tax assets, net of valuation allowance	$318.1	$496.4
Deferred tax liabilities:		
Property, plant and equipment	$134.9	$121.9
Other	0.3	4.9
Total deferred tax liabilities	135.2	126.8
Net deferred tax assets	$182.9	$369.6

As of December 31, 2015, the Company had $258.6 million of federal tax operating loss carryforwards with a deferred tax asset value of $90.5 million, alternative minimum tax credit carryforwards of $32.7 million, state

tax credits of $10.7 million, and $51.5 million in deferred tax assets related to state, local, and foreign tax operating loss carryforwards. The majority of the remaining tax loss carryforwards will generally expire in 2023. U.S. tax laws limit the annual utilization of tax loss carryforwards of acquired entities. These limitations should not materially impact the utilization of the tax carryforwards.

The ultimate realization of the deferred income tax assets depends upon the Company's ability to generate future taxable income during the periods in which basis differences and other deductions become deductible, and prior to the expiration of the net operating loss carryforwards. Due to its historical and future projected earnings, management believes it will utilize future federal deductions and available net operating loss carryforwards prior to their expiration. Management also concluded that it was more likely than not that certain state and foreign tax loss carryforwards would not be realized based upon the analysis described above and therefore provided a valuation allowance.

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $27.3 million at December 31, 2015 and $26.3 million at December 31, 2014. Accrued interest and penalties on income tax uncertainties were immaterial as of December 31, 2015 and 2014.

A reconciliation of the unrecognized tax benefits is as follows:

	Year Ended December 31,		
(dollars in millions)	**2015**	**2014**	**2013**
Balance, beginning of year	$27.1	$24.1	$22.8
Change in tax positions for the current year	0.5	3.0	1.3
Change in tax positions for prior years	—	—	—
Balance, end of year	$27.6	$27.1	$24.1

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various foreign, state and local jurisdictions. With a few exceptions, the Company is no longer subject to U.S. federal, state or local examinations for years before 2012.

15. Stock-Based and Deferred Compensation Plans

The Company may grant stock options, stock appreciation rights, performance-based awards, and time-based restricted shares to officers and key employees under the 2007 Long Term Incentive Plan and stock options, restricted shares, and restricted stock units to directors under the 2007 Stock Option Plan for Non-Employee Directors. The maximum number of shares authorized under these plans is 25.0 million. Shares available for award under the plans at December 31, 2015 were 5.8 million.

Stock Options and Stock Appreciation Rights

Generally, the awards of stock options and stock appreciation rights fully vest three years from grant date and expire ten years from grant date. Beginning in 2012, some of the stock options and stock appreciation rights vested over a three year period based on the achievement of certain performance objectives. The Company generally issues new shares when options to purchase common shares or stock appreciation rights are exercised. The following table summarizes stock options and stock appreciation rights activity:

	2015		2014		2013	
(in thousands, except per share amounts)	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
Outstanding at January 1,	5,224	$3.85	6,128	$3.66	9,538	$4.04
Granted *	—	—	998	3.41	595	4.75
Exercised	(33)	1.94	(725)	1.73	(804)	2.41
Forfeited	(499)	3.75	(215)	3.99	(361)	3.39
Expired	(812)	4.00	(962)	3.73	(2,840)	5.56
Outstanding at December 31,	3,880	$3.86	5,224	$3.85	6,128	$3.66
Expected to vest at December 31,	3,880	$3.86	5,224	$3.85	6,128	$3.66
Exercisable at December 31,	3,175	$3.93	3,477	$3.98	5,064	$3.61

(dollars in millions)	2015	2014	2013
Compensation expense for the year	$ —	$ 0.3	$ 0.6
Tax benefit related to compensation expense	$ —	$ (0.1)	$ (0.2)
Intrinsic value of awards exercised	$ 0.1	$ 1.5	$ 1.2
Cash received from awards exercised	$ 0.1	$ 1.3	$ 2.4
Grant date fair value of awards vested	$ 0.7	$ 0.4	$ 0.4

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

The following table summarizes our outstanding and exercisable awards at December 31, 2015:

	Outstanding		Exercisable	
(in thousands, except per share amounts)	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
$1.67 to $2.91	564	$2.49	564	$2.49
$3.40 to $4.62	1,788	3.46	1,146	3.49
$4.74 to $5.31	1,528	4.82	1,465	4.83
Total	3,880	$3.86	3,175	$3.93

As of December 31, 2015, the aggregate intrinsic value for awards outstanding and exercisable was $0.9 million and $0.8 million, respectively. The weighted-average remaining contractual life for awards outstanding and exercisable is approximately five years and four years, respectively. As of December 31, 2015, there was $0.7 million of unrecognized stock compensation expense, which is expected to be recognized over a weighted-average period of approximately two years.

The fair values at the date of grant were estimated using the Black-Scholes pricing model with the following assumptions:

	2015	2014	2013
Expected volatility	—	35.5%	43.6%
Risk-free interest rate	—	1.5%	0.8%
Expected holding period (in years)	—	5	5
Expected dividends	—	0.0%	0.0%
Weighted-average grant date fair value	$—	$1.14	$1.84

The expected volatility assumption used in the Black-Scholes pricing model was based on historical volatility. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected holding period was estimated using the historical exercise behavior of employees and adjusted for abnormal activity. Expected dividends are based on the Company's history of not paying dividends.

Performance-Based Restricted Awards

Awards granted generally vest over three years and upon the achievement of certain performance-based objectives. Performance-based awards are expensed based on their grant date fair value if it is probable that the performance conditions will be achieved.

The following table summarizes our outstanding performance-based restricted award activity:

	2015		2014		2013	
(in thousands, except per share amounts)	**Shares**	**Weighted-Average Exercise Price Per Share**	**Shares**	**Weighted-Average Exercise Price Per Share**	**Shares**	**Weighted-Average Exercise Price Per Share**
Non-vested at January 1,	1,746	$3.85	1,537	$3.97	1,687	$3.13
Granted*	2,692	3.09	1,085	3.56	1,067	4.56
Vested	(445)	3.80	(635)	3.71	(703)	3.07
Forfeited	(386)	3.28	(241)	3.65	(514)	3.67
Non-vested at December 31,	3,607	$3.35	1,746	$3.85	1,537	$3.97
(dollars in millions)						
Compensation expense for the year	$ 3.1		$ 1.4		$ 2.6	
Tax benefit related to compensation expense	$ (1.1)		$ (0.5)		$ (1.0)	
Grant date fair value of awards vested	$ 1.7		$ 2.3		$ 2.2	

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

As of December 31, 2015, unrecognized compensation expense related to performance-based awards was $7.5 million, which is expected to be recognized over a weighted-average period of approximately two years.

Time-Based Restricted Awards

Awards granted to employees generally vest in one-third increments over a period of three years. Awards granted to directors in 2015 and 2014 vest on the first anniversary of the grant date. Awards granted to directors in 2013 vest on the second anniversary of the grant date.

The following table summarizes our time-based restricted award activity:

(in thousands, except per share amounts)	2015 Shares	2015 Weighted-Average Exercise Price Per Share	2014 Shares	2014 Weighted-Average Exercise Price Per Share	2013 Shares	2013 Weighted-Average Exercise Price Per Share
Non-vested at January 1,	684	$3.70	1,044	$3.55	1,298	$3.11
Granted	180	3.47	176	3.19	279	4.72
Vested	(630)	3.54	(514)	3.25	(454)	3.03
Forfeited	—	—	(22)	3.19	(79)	3.40
Non-vested at December 31,	234	$3.96	684	$3.70	1,044	$3.55
(dollars in millions)						
Compensation expense for the year	$ 1.0		$ 1.6		$ 1.7	
Tax benefit related to compensation expense	$ (0.3)		$ (0.6)		$ (0.6)	
Grant date fair value of awards vested	$ 2.2		$ 1.7		$ 1.4	

As of December 31, 2015, there was $0.2 million of unrecognized compensation expense related to these restricted stock awards, which is expected to be recognized during 2016.

Cash-Settled and Other Awards

The Company grants cash-settled stock appreciation rights and performance awards. The final payments of these awards will be indexed to the percentage change in the Company's stock price from the date of grant.

The Company granted cash-payment performance awards of $3.6 million in 2014. No cash-payment awards were issued in 2015 or 2013. For the years ended December 31, 2015 and 2014, expense of $0.6 million related to cash-payment awards was incurred. For the year ended December 31, 2013, a benefit of $0.2 million related to these awards was incurred.

At December 31, 2015 there was $1.9 million remaining unrecognized compensation expense for cash-settled and other awards, which will primarily be recognized during 2016. The aggregate intrinsic value of outstanding and exercisable cash-settled stock appreciation rights at December 31, 2015 was $0.8 million.

Deferred Compensation Plans

The Company currently has deferred compensation plans for both the Board of Directors and certain executives of the Company. Under the directors deferred compensation plan, each director can defer receipt of all or a part of their director fees and annual retainers, which can be invested in various investment funds including the Company's common stock. In years prior to 2012, the Company granted 6,000 phantom shares to each non-employee director on the first business day of each year, which are fully vested once a director has five years of service. No phantom shares were granted to non-employee directors in 2015. Distributions to the directors are generally in the form of cash. The executive deferred compensation plan allows for certain executives to defer a portion of their annual base pay, bonus, or stock awards. Under the executive deferred compensation plan, participants can elect to receive distributions in the form of either cash or common shares. In the fourth quarter of 2015 the executive deferred compensation plan was terminated. All amounts due under the plan will be distributed to plan participants during 2016.

At December 31, 2015 and 2014, there were 0.3 million and 0.4 million common shares deferred in these plans, respectively. As these awards can be settled in cash, compensation costs each period are based on the change in the Company's stock price. We recognized compensation expense of $0.2 million in 2015, a benefit of $0.3 million in 2014, and a benefit of $1.4 million in 2013.

16. Business Segment Information

As of December 31, 2015, 2014, and 2013, we operated two business segments: Entertainment and Communications and IT Services and Hardware. Effective January 24, 2013, the date of the CyrusOne IPO, we no longer include CyrusOne, our former Data Center Colocation segment, in our consolidated financial statements and now account for our ownership in CyrusOne as a cost method investment. The closing of our wireless operations, effective March 31, 2015, represented a strategic shift in our business. Therefore, certain wireless assets, liabilities and results of operations are reported as discontinued operations in our financial statements. For further details of our investment in CyrusOne, see Note 1 and Note 4 of Notes to Consolidated Financial Statements. For further details of Discontinued Operations, see Notes 1 and 3 of Notes to Consolidated Financial Statements.

The Entertainment and Communications segment provides data, video, voice and other services. These services are primarily provided to customers in southwestern Ohio, northern Kentucky and southeastern Indiana. Data includes products such as high-speed internet access, digital subscriber lines, private line, multi-protocol label switching, SONET, dedicated internet access, wavelength, audio conferencing and digital signal. These products are used to transport large amounts of data over private networks. Video services provide our Fioptics customers access to over 400 entertainment channels, over 120 high-definition channels, parental controls, HD DVR and video On-Demand. In addition, we offer features that deliver high customer satisfaction, including Fioptics TV Everywhere ™ and a Fioptics live TV streaming application. Voice represents local service, including Fioptics voice lines. It also includes VoIP, long distance, digital trunking, switched access and other value-added services such as caller identification, voicemail, call waiting, and call return. VoIP products provide our customers access to widely disbursed communication platforms and access to cloud based services and hosted unified communications products. Other services consists of revenue generated from wiring projects for business customers, advertising, directory assistance, maintenance, information services and commissions received as an authorized sales agent for DirecTV® and Verizon Wireless.

Operating income for Entertainment and Communications for 2015 was down from a year ago due primarily to additional operating expenses associated with accelerating our fiber investment and costs absorbed as a result of shutting down wireless operations. Entertainment and Communications recognized restructuring charges of $1.6 million in 2015 and reversed restructuring charges of $0.5 million in 2014. Restructuring charges were $9.1 million in 2013 for costs associated with employee separation, lease abandonments and contract termination costs. In 2014, Entertainment and Communications recorded an asset impairment charge of $4.6 million related to the abandonment of an internal use software project that was written off in the fourth quarter. There were no impairment charges recorded in 2015 or 2013. Capital expenditures are incurred to expand our Fioptics product suite, upgrade and increase capacity for our internet and data networks, and to maintain our wireline network. In 2015, we increased our Fioptics investment by $86.4 million.

The IT Services and Hardware segment provides a range of fully managed and outsourced IT and telecommunications services along with the sale, installation, and maintenance of major branded IT and telephony equipment. IT Services and Hardware revenue increased $2.4 million from 2014 as a result of an increase in strategic revenue of $40.7 million in 2015. This was partially offset by the $35.1 million decrease in telecom and IT hardware sales in 2015 compared to the prior year. IT Services and Hardware revenue increased $88.9 million from 2013 to 2014 as a result of increases of $20.6 million in strategic revenue and $64.4 million in telecom and IT hardware sales.

As of December 31, 2015 and 2014, the carrying value of our investment in CyrusOne was 55.5 million and 273.6 million, respectively, and is included as an asset of the Corporate segment. Deferred tax assets totaling $182.3 million and $284.7 million as of December 31, 2015 and 2014, respectively, are also reported as assets in the Corporate segment. In 2013, Corporate operating results include compensation expense of $42.6 million associated with awards and other transaction-related incentives associated with the IPO of CyrusOne on January 24, 2013.

Our business segment information is as follows:

(dollars in millions)	Year Ended December 31, 2015	2014	2013
Revenue			
Entertainment and Communications	$ 743.7	$ 740.7	$ 724.8
IT Services and Hardware	435.4	433.0	344.1
Data Center Colocation	—	—	15.6
Intersegment	(11.3)	(12.2)	(11.1)
Total revenue	$1,167.8	$1,161.5	$1,073.4
Intersegment revenue			
Entertainment and Communications	$ 1.3	$ 1.2	$ 1.1
IT Services and Hardware	10.0	11.0	9.6
Data Center Colocation	—	—	0.4
Total intersegment revenue	$ 11.3	$ 12.2	$ 11.1
Operating income			
Entertainment and Communications	$ 129.9	$ 178.9	$ 186.2
IT Services and Hardware	20.6	19.8	8.5
Data Center Colocation	—	—	3.2
Corporate	(22.5)	(21.8)	(58.1)
Total operating income	$ 128.0	$ 176.9	$ 139.8
Expenditures for long-lived assets			
Entertainment and Communications	$ 269.5	$ 163.7	$ 162.6
IT Services and Hardware	14.0	11.9	10.6
Data Center Colocation	—	—	7.7
Corporate	0.1	0.2	—
Total expenditures for long-lived assets	$ 283.6	$ 175.8	$ 180.9
Depreciation and amortization			
Entertainment and Communications	$ 129.2	$ 115.7	$ 112.2
IT Services and Hardware	12.3	11.7	10.5
Data Center Colocation	—	—	5.2
Corporate	0.1	0.2	0.5
Total depreciation and amortization	$ 141.6	$ 127.6	$ 128.4

(dollars in millions)	As of December 31, 2015	2014
Assets		
Entertainment and Communications	$ 983.3	$ 833.2
IT Services and Hardware	58.0	61.4
Total assets from discontinued operations	—	49.3
Corporate and eliminations	413.1	876.8
Total assets	$1,454.4	$1,820.7

Details of our service and product revenues including eliminations are as follows:

(dollars in millions)	Year Ended December 31, 2015	2014	2013
Service revenue			
Entertainment and Communications	$735.0	$728.8	$718.0
IT Services and Hardware	198.0	161.4	138.7
Data Center Colocation	—	—	15.2
Total service revenue	$933.0	$890.2	$871.9
Product revenue			
Handsets and accessories	$ 7.4	$ 10.7	$ 5.7
Telecom and IT hardware	227.4	260.6	195.8
Total product revenue	$234.8	$271.3	$201.5

17. Supplemental Cash Flow Information

(dollars in millions)	Year Ended December 31, 2015	2014	2013
Capitalized interest expense	$ 1.1	$ 0.8	$ 0.6
Cash paid for:			
Interest	108.5	153.1	179.5
Income taxes, net of refunds	8.8	9.1	2.8
Noncash investing and financing activities:			
Investment in CyrusOne resulting from deconsolidation	—	—	509.7
Accrual of CyrusOne dividends	2.1	6.0	7.1
Acquisition of property by assuming debt and other financing arrangements	5.8	4.7	7.6
Acquisition of property on account	34.6	24.8	13.3

18. Supplemental Guarantor Information — Cincinnati Bell Telephone Notes

As of December 31, 2015, Cincinnati Bell Telephone Company LLC ("CBT"), a wholly-owned subsidiary of Cincinnati Bell Inc. (the "Parent Company"), had $128.7 million in notes outstanding that are guaranteed by the Parent Company and no other subsidiaries of the Parent Company. The guarantee is full and unconditional. The Parent Company's subsidiaries generate substantially all of its income and cash flow and generally distribute or advance the funds necessary to meet the Parent Company's debt service obligations.

The following information sets forth the Condensed Consolidating Balance Sheets of the Company as of December 31, 2015 and 2014 and the Condensed Consolidating Statements of Operations and Comprehensive Income (Loss) and Cash Flows for the years ended December 31, 2015, 2014, and 2013 of (1) the Parent Company, as the guarantor, (2) CBT, as the issuer, and (3) the non-guarantor subsidiaries on a combined basis.

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

	Year Ended December 31, 2015				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Revenue	$ —	$660.1	$ 546.3	$ (38.6)	$1,167.8
Operating costs and expenses	22.4	538.6	517.4	(38.6)	1,039.8
Operating income (loss)	(22.4)	121.5	28.9	—	128.0
Interest expense (income), net	112.7	(0.9)	(8.7)	—	103.1
Other expense (income), net	19.5	7.0	(452.2)	—	(425.7)
Income (loss) before equity in earnings of subsidiaries and income taxes	(154.6)	115.4	489.8	—	450.6
Income tax expense (benefit)	(53.3)	41.1	172.0	—	159.8
Equity in earnings of subsidiaries, net of tax	455.0	—	—	(455.0)	—
Income (loss) from continuing operations	353.7	74.3	317.8	(455.0)	290.8
Income (loss) from discontinued operations	—	—	62.9	—	62.9
Net income (loss)	353.7	74.3	380.7	(455.0)	353.7
Other comprehensive income (loss)	3.3	—	(0.4)	—	2.9
Total comprehensive income (loss)	$ 357.0	$ 74.3	$ 380.3	$(455.0)	$ 356.6
Net income (loss)	$ 353.7	$ 74.3	$ 380.7	$(455.0)	$ 353.7
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ 343.3	$ 74.3	$ 380.7	$(455.0)	$ 343.3

	Year Ended December 31, 2014				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Revenue	$ —	$659.6	$ 541.0	$ (39.1)	$1,161.5
Operating costs and expenses	21.5	488.0	514.2	(39.1)	984.6
Operating income (loss)	(21.5)	171.6	26.8	—	176.9
Interest expense (income), net	142.6	(4.5)	7.8	—	145.9
Other expense (income), net	17.6	7.4	(193.1)	—	(168.1)
Income (loss) before equity in earnings of subsidiaries and income taxes	(181.7)	168.7	212.1	—	199.1
Income tax expense (benefit)	(55.8)	61.7	75.5	—	81.4
Equity in earnings of subsidiaries, net of tax	201.5	—	—	(201.5)	—
Income (loss) from continuing operations	75.6	107.0	136.6	(201.5)	117.7
Income (loss) from discontinued operations	—	—	(42.1)	—	(42.1)
Net income (loss)	75.6	107.0	94.5	(201.5)	75.6
Other comprehensive income (loss)	(40.5)	—	(0.1)	—	(40.6)
Total comprehensive income (loss)	$ 35.1	$107.0	$ 94.4	$(201.5)	$ 35.0
Net income (loss)	$ 75.6	$107.0	$ 94.5	$(201.5)	$ 75.6
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ 65.2	$107.0	$ 94.5	$(201.5)	$ 65.2

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

(dollars in millions)	Year Ended December 31, 2013				
	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Revenue	$ —	$644.2	$467.5	$ (38.3)	$1,073.4
Operating costs and expenses	57.2	463.1	451.6	(38.3)	933.6
Operating income (loss)	(57.2)	181.1	15.9	—	139.8
Interest expense (income), net	162.5	(2.7)	16.2	—	176.0
Other expense (income), net	28.2	6.5	2.3	—	37.0
Income (loss) before equity in earnings of subsidiaries and income taxes	(247.9)	177.3	(2.6)	—	(73.2)
Income tax expense (benefit)	(79.8)	64.7	6.8	—	(8.3)
Equity in earnings of subsidiaries, net of tax	113.4	—	—	(113.4)	—
Income (loss) from continuing operations	(54.7)	112.6	(9.4)	(113.4)	(64.9)
Income (loss) from discontinued operations	—	—	10.2	—	10.2
Net income (loss)	(54.7)	112.6	0.8	(113.4)	(54.7)
Other comprehensive income (loss)	76.5	—	(0.1)	—	76.4
Total comprehensive income (loss)	$ 21.8	$112.6	$ 0.7	$(113.4)	$ 21.7
Net income (loss)	$ (54.7)	$112.6	$ 0.8	$(113.4)	$ (54.7)
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ (65.1)	$112.6	$ 0.8	$(113.4)	$ (65.1)

Form 10-K

Condensed Consolidating Balance Sheets

	As of December 31, 2015				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Cash and cash equivalents	$ 4.6	$ 1.0	$ 1.8	$ —	$ 7.4
Receivables, net	0.7	—	156.4	—	157.1
Other current assets	1.6	20.2	14.1	—	35.9
Total current assets	6.9	21.2	172.3	—	200.4
Property, plant and equipment, net	0.3	921.5	53.7	—	975.5
Investment in CyrusOne	—	—	55.5	—	55.5
Goodwill and intangibles, net	—	2.2	12.3	—	14.5
Investments in and advances to subsidiaries	844.6	63.9	647.2	(1,555.7)	—
Other noncurrent assets	214.4	3.8	136.6	(146.3)	208.5
Total assets	$1,066.2	$1,012.6	$1,077.6	$(1,702.0)	$1,454.4
Current portion of long-term debt	$ 5.4	$ 5.0	$ 3.4	$ —	$ 13.8
Accounts payable	0.7	84.8	43.4	—	128.9
Other current liabilities	41.6	45.3	24.2	—	111.1
Other current liabilities from discontinued operations	—	—	5.4	—	5.4
Total current liabilities	47.7	135.1	76.4	—	259.2
Long-term debt, less current portion	1,025.8	135.1	70.9	—	1,231.8
Other noncurrent liabilities	235.5	168.3	4.0	(146.2)	261.6
Intercompany payables	54.7	—	—	(54.7)	—
Total liabilities	1,363.7	438.5	151.3	(200.9)	1,752.6
Shareowners' (deficit) equity	(297.5)	574.1	926.3	(1,501.1)	(298.2)
Total liabilities and shareowners' equity (deficit)	$1,066.2	$1,012.6	$1,077.6	$(1,702.0)	$1,454.4

Condensed Consolidating Balance Sheets

	As of December 31, 2014				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Cash and cash equivalents	$ 56.2	$ 1.0	$ 0.7	$ —	$ 57.9
Receivables, net	2.6	1.0	164.9	—	168.5
Other current assets	1.3	16.3	20.0	—	37.6
Other current assets from discontinued operations	—	—	4.7	—	4.7
Total current assets	60.1	18.3	190.3	—	268.7
Property, plant and equipment, net	0.2	764.0	51.2	—	815.4
Investment in CyrusOne	—	—	273.6	—	273.6
Goodwill and intangibles, net	—	2.2	12.7	—	14.9
Investments in and advances to subsidiaries	1,066.1	220.8	260.5	(1,547.4)	—
Other noncurrent assets	297.6	4.9	244.2	(143.2)	403.5
Other noncurrent assets from discontinued operations	—	—	44.6	—	44.6
Total assets	$1,424.0	$1,010.2	$1,077.1	$(1,690.6)	$1,820.7
Current portion of long-term debt	$ 5.4	$ 3.9	$ 2.3	$ —	$ 11.6
Accounts payable	1.0	73.8	57.2	—	132.0
Other current liabilities	52.3	52.8	20.0	0.1	125.2
Other current liabilities from discontinued operations	—	—	142.0	—	142.0
Total current liabilities	58.7	130.5	221.5	0.1	410.8
Long-term debt, less current portion	1,526.1	141.2	22.1	—	1,689.4
Other noncurrent liabilities	254.1	153.7	1.9	(143.4)	266.3
Other noncurrent liabilities from discontinued operations	—	—	102.7	—	102.7
Intercompany payables	233.4	—	—	(233.4)	—
Total liabilities	2,072.3	425.4	348.2	(376.7)	2,469.2
Shareowners' (deficit) equity	(648.3)	584.8	728.9	(1,313.9)	(648.5)
Total liabilities and shareowners' equity (deficit)	$1,424.0	$1,010.2	$1,077.1	$(1,690.6)	$1,820.7

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2015				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Cash flows provided by (used in) by operating activities	$ (19.3)	$ 198.7	$ (68.5)	$ —	$ 110.9
Capital expenditures	(0.1)	(260.7)	(22.8)	—	(283.6)
Proceeds received from sale of CyrusOne	—	—	643.9	—	643.9
Dividends received from CyrusOne	—	—	22.2	—	22.2
Proceeds from sale of assets	—	0.1	0.9	—	1.0
Distributions received from subsidiaries	11.3	—	—	(11.3)	—
Funding between Parent and subsidiaries, net	—	71.9	(555.5)	483.6	—
Other investing activities	(0.3)	—	—	—	(0.3)
Cash flows provided by (used in) investing activities	10.9	(188.7)	88.7	472.3	383.2
Funding between Parent and subsidiaries, net	486.4	—	(2.8)	(483.6)	—
Distributions paid to Parent	—	—	(11.3)	11.3	—
Net decrease in corporate credit and receivables facilities with initial maturities less than 90 days	—	—	(1.6)	—	(1.6)
Repayment of debt	(518.5)	(10.0)	(3.2)	—	(531.7)
Debt issuance costs	(0.2)	—	(0.2)	—	(0.4)
Other financing activities	(10.9)	—	—	—	(10.9)
Cash flows provided by (used in) financing activities	(43.2)	(10.0)	(19.1)	(472.3)	(544.6)
Increase (decrease) in cash and cash equivalents	(51.6)	—	1.1	—	(50.5)
Beginning cash and cash equivalents	56.2	1.0	0.7	—	57.9
Ending cash and cash equivalents	$ 4.6	$ 1.0	$ 1.8	$ —	$ 7.4

(dollars in millions)	Year Ended December 31, 2014 Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$ (56.3)	$ 226.3	$ 5.2	$ —	$ 175.2
Capital expenditures	(0.2)	(152.5)	(29.6)	—	(182.3)
Proceeds from sale of CyrusOne	—	—	355.9	—	355.9
Dividends received from CyrusOne	—	—	28.4	—	28.4
Proceeds from sale of assets	—	0.3	196.1	—	196.4
Distributions received from subsidiaries	12.8	—	—	(12.8)	—
Funding between Parent and subsidiaries, net	—	(71.0)	(545.0)	616.0	—
Other investing activities	(0.3)	—	(5.5)	—	(5.8)
Cash flows provided by (used in) investing activities	12.3	(223.2)	0.3	603.2	392.6
Funding between Parent and subsidiaries, net	516.2	—	99.8	(616.0)	—
Distributions paid to Parent	—	—	(12.8)	12.8	—
Net increase in corporate credit and receivables facilities with initial maturities less than 90 days	(40.0)	—	(87.0)	—	(127.0)
Repayment of debt	(367.3)	(3.9)	(5.3)	—	(376.5)
Debt issuance costs	(0.7)	—	(0.2)	—	(0.9)
Proceeds from exercise of options and warrants	1.3	—	—	—	1.3
Other financing activities	(11.4)	—	—	—	(11.4)
Cash flows provided by (used in) financing activities	98.1	(3.9)	(5.5)	(603.2)	(514.5)
Increase (decrease) in cash and cash equivalents	54.1	(0.8)	—	—	53.3
Beginning cash and cash equivalents	2.1	1.8	0.7	—	4.6
Ending cash and cash equivalents	$ 56.2	$ 1.0	$ 0.7	$ —	$ 57.9

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2013				
(dollars in millions)	Parent (Guarantor)	CBT (Issuer)	Other Non-guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$(218.1)	$ 236.4	$ 60.5	$—	$ 78.8
Capital expenditures	—	(153.1)	(43.8)	—	(196.9)
Dividends received from CyrusOne	—	—	21.3	—	21.3
Proceeds from sale of assets	—	2.0	—	—	2.0
Cash divested from deconsolidation of CyrusOne	—	—	(12.2)	—	(12.2)
Other investing activities	—	—	0.4	—	0.4
Cash flows provided by (used in) investing activities	—	(151.1)	(34.3)	—	(185.4)
Issuance of long-term debt	536.0	—	—	—	536.0
Funding between Parent and subsidiaries, net	174.2	(81.7)	(92.5)	—	—
Net increase in corporate credit and receivables facilities with initial maturities less than 90 days	40.0	—	54.2	—	94.2
Repayment of debt	(522.0)	(3.7)	(5.1)	—	(530.8)
Debt issuance costs	(6.7)	—	—	—	(6.7)
Proceeds from exercise of options and warrants	7.1	—	—	—	7.1
Other financing activities	(12.2)	—	—	—	(12.2)
Cash flows provided by (used in) financing activities	216.4	(85.4)	(43.4)	—	87.6
Increase (decrease) in cash and cash equivalents	(1.7)	(0.1)	(17.2)	—	(19.0)
Beginning cash and cash equivalents	3.8	1.9	17.9	—	23.6
Ending cash and cash equivalents	$ 2.1	$ 1.8	$ 0.7	$—	$ 4.6

19. Supplemental Guarantor Information — 8⅜% Senior Notes due 2020 and 8¾% Senior Subordinated Notes due 2018

As of December 31, 2015, the Parent Company's 8⅜% Senior Notes due 2020 are guaranteed by the following subsidiaries: Cincinnati Bell Entertainment Inc., Cincinnati Bell Any Distance Inc., Cincinnati Bell Telecommunications Services LLC, Cincinnati Bell Wireless LLC, CBTS Software LLC, Cincinnati Bell Technology Solutions Inc., Cincinnati Bell Any Distance of Virginia LLC, eVolve Business Solutions LLC, Data Center Investments Inc., Data Center Investments Holdco LLC, Data Centers South Inc. and Data Centers South Holdings LLC.

During the second quarter of 2015, the Company redeemed the remaining $300.0 million of outstanding 8¾% Senior Subordinated Notes due 2018.

The Parent Company owns directly or indirectly 100% of each guarantor and each guarantee is full and unconditional, and joint and several. In certain customary circumstances, a subsidiary may be released from its guarantee obligation. These circumstances are defined as follows:

- upon the sale of all of the capital stock of a subsidiary,
- if the Company designates the subsidiary as an unrestricted subsidiary under the terms of the indentures, or
- if the subsidiary is released as a guarantor from the Company's Corporate Credit Agreement.

On September 30, 2014, the Company entered into an Amendment to the Corporate Credit Agreement giving the Company the right to provide written notice to the administrative agent on or after the closing of the wireless sale of spectrum assets to remove any designated wireless subsidiary as a guarantor subsidiary.

The Parent Company's subsidiaries generate substantially all of its income and cash flow and generally distribute or advance the funds necessary to meet the Parent Company's debt service obligations. The following information sets forth the Condensed Consolidating Balance Sheets of the Company as of December 31, 2015 and 2014 and the Condensed Consolidating Statements of Operations and Comprehensive Income (Loss) and Cash Flows for the years ended December 31, 2015, 2014, and 2013 of (1) the Parent Company, as the issuer, (2) the guarantor subsidiaries on a combined basis, and (3) the non-guarantor subsidiaries on a combined basis.

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

	Year Ended December 31, 2015				
(dollars in millions)	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Revenue	$ —	$ 614.2	$592.2	$ (38.6)	$1,167.8
Operating costs and expenses	22.4	577.9	478.1	(38.6)	1,039.8
Operating income (loss)	(22.4)	36.3	114.1	—	128.0
Interest expense (income), net	112.7	(10.0)	0.4	—	103.1
Other expense (income), net	19.5	(434.3)	(10.9)	—	(425.7)
Income (loss) before equity in earnings of subsidiaries and income taxes	(154.6)	480.6	124.6	—	450.6
Income tax expense (benefit)	(53.3)	168.7	44.4	—	159.8
Equity in earnings of subsidiaries, net of tax	455.0	—	—	(455.0)	—
Income (loss) from continuing operations	353.7	311.9	80.2	(455.0)	290.8
Income (loss) from discontinued operations	—	62.9	—	—	62.9
Net income (loss)	353.7	374.8	80.2	(455.0)	353.7
Other comprehensive income (loss)	3.3	—	(0.4)	—	2.9
Total comprehensive income (loss)	$ 357.0	$ 374.8	$ 79.8	$(455.0)	$ 356.6
Net income (loss)	$ 353.7	$ 374.8	$ 80.2	$(455.0)	$ 353.7
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ 343.3	$ 374.8	$ 80.2	$(455.0)	$ 343.3

(dollars in millions)	Year Ended December 31, 2014 Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Revenue	$ —	$ 599.1	$601.5	$ (39.1)	$1,161.5
Operating costs and expenses	21.5	567.5	434.7	(39.1)	984.6
Operating income (loss)	(21.5)	31.6	166.8	—	176.9
Interest expense (income), net	142.6	6.4	(3.1)	—	145.9
Other expense (income), net	17.6	(173.4)	(12.3)	—	(168.1)
Income (loss) before equity in earnings of subsidiaries and income taxes	(181.7)	198.6	182.2	—	199.1
Income tax expense (benefit)	(55.8)	70.8	66.4	—	81.4
Equity in earnings of subsidiaries, net of tax	201.5	—	—	(201.5)	—
Income (loss) from continuing operations	75.6	127.8	115.8	(201.5)	117.7
Income (loss) from discontinued operations	—	(42.1)	—	—	(42.1)
Net income (loss)	75.6	85.7	115.8	(201.5)	75.6
Other comprehensive income (loss)	(40.5)	(0.1)	—	—	(40.6)
Total comprehensive income (loss)	$ 35.1	$ 85.6	$115.8	$(201.5)	$ 35.0
Net income (loss)	$ 75.6	$ 85.7	$115.8	$(201.5)	$ 75.6
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ 65.2	$ 85.7	$115.8	$(201.5)	$ 65.2

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

(dollars in millions)	Year Ended December 31, 2013 Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Revenue	$ —	$503.1	$608.6	$ (38.3)	$1,073.4
Operating costs and expenses	57.2	484.2	430.5	(38.3)	933.6
Operating income (loss)	(57.2)	18.9	178.1	—	139.8
Interest expense (income), net	162.5	10.7	2.8	—	176.0
Other expense (income), net	28.2	15.4	(6.6)	—	37.0
Income (loss) before equity in earnings of subsidiaries and income taxes	(247.9)	(7.2)	181.9	—	(73.2)
Income tax expense (benefit)	(79.8)	5.3	66.2	—	(8.3)
Equity in earnings of subsidiaries, net of tax	113.4	0.7	—	(114.1)	—
Income (loss) from continuing operations	(54.7)	(11.8)	115.7	(114.1)	(64.9)
Income (loss) from discontinued operations	—	10.2	—	—	10.2
Net income (loss)	(54.7)	(1.6)	115.7	(114.1)	(54.7)
Other comprehensive income (loss)	76.5	—	(0.1)	—	76.4
Total comprehensive income (loss)	$ 21.8	$ (1.6)	$115.6	$(114.1)	$ 21.7
Net income (loss)	$ (54.7)	$ (1.6)	$115.7	$(114.1)	$ (54.7)
Preferred stock dividends	10.4	—	—	—	10.4
Net income (loss) applicable to common shareowners	$ (65.1)	$ (1.6)	$115.7	$(114.1)	$ (65.1)

Condensed Consolidating Balance Sheets

(dollars in millions)	As of December 31, 2015				
	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Cash and cash equivalents	$ 4.6	$ 0.4	$ 2.4	$ —	$ 7.4
Receivables, net	0.7	2.8	153.6	—	157.1
Other current assets	1.6	15.6	18.7	—	35.9
Total current assets	6.9	18.8	174.7	—	200.4
Property, plant and equipment, net	0.3	53.4	921.8	—	975.5
Investment in CyrusOne	—	55.5	—	—	55.5
Goodwill and intangibles, net	—	12.3	2.2	—	14.5
Investments in and advances to subsidiaries	844.6	830.4	4.3	(1,679.3)	—
Other noncurrent assets	214.4	133.2	7.1	(146.2)	208.5
Total assets	$1,066.2	$1,103.6	$1,110.1	$(1,825.5)	$1,454.4
Current portion of long-term debt	$ 5.4	$ 3.4	$ 5.0	$ —	$ 13.8
Accounts payable	0.7	95.6	32.6	—	128.9
Other current liabilities	41.6	26.8	42.7	—	111.1
Other current liabilities from discontinued operations	—	5.4	—	—	5.4
Total current liabilities	47.7	131.2	80.3	—	259.2
Long-term debt, less current portion	1,025.8	53.3	152.7	—	1,231.8
Other noncurrent liabilities	235.5	11.8	160.5	(146.2)	261.6
Intercompany payables	54.7	—	127.3	(182.0)	—
Total liabilities	1,363.7	196.3	520.8	(328.2)	1,752.6
Shareowners' (deficit) equity	(297.5)	907.3	589.3	(1,497.3)	(298.2)
Total liabilities and shareowners' equity (deficit)	$1,066.2	$1,103.6	$1,110.1	$(1,825.5)	$1,454.4

Condensed Consolidating Balance Sheets

(dollars in millions)	As of December 31, 2014				
	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Cash and cash equivalents	$ 56.2	$ 0.2	$ 1.5	$ —	$ 57.9
Receivables, net	2.6	6.1	159.8	—	168.5
Other current assets	1.3	20.6	15.7	—	37.6
Other current assets from discontinued operations	—	4.7	—	—	4.7
Total current assets	60.1	31.6	177.0	—	268.7
Property, plant and equipment, net	0.2	50.8	764.4	—	815.4
Investment in CyrusOne	—	273.6	—	—	273.6
Goodwill and intangibles, net	—	12.7	2.2	—	14.9
Investments in and advances to subsidiaries	1,066.1	403.6	199.3	(1,669.0)	—
Other noncurrent assets	297.6	240.9	8.2	(143.2)	403.5
Other noncurrent assets from discontinued operations	—	44.6	—	—	44.6
Total assets	$1,424.0	$1,057.8	$1,151.1	$(1,812.2)	$1,820.7
Current portion of long-term debt	$ 5.4	$ 2.3	$ 3.9	$ —	$ 11.6
Accounts payable	1.0	76.2	54.8	—	132.0
Other current liabilities	52.3	23.5	49.3	0.1	125.2
Other current liabilities from discontinued operations	—	142.0	—	—	142.0
Total current liabilities	58.7	244.0	108.0	0.1	410.8
Long-term debt, less current portion	1,526.1	2.9	160.4	—	1,689.4
Other noncurrent liabilities	254.1	4.6	151.0	(143.4)	266.3
Other noncurrent liabilities from discontinued operations	—	102.7	—	—	102.7
Intercompany payables	233.4	—	131.9	(365.3)	—
Total liabilities	2,072.3	354.2	551.3	(508.6)	2,469.2
Shareowners' (deficit) equity	(648.3)	703.6	599.8	(1,303.6)	(648.5)
Total liabilities and shareowners' equity (deficit)	$1,424.0	$1,057.8	$1,151.1	$(1,812.2)	$1,820.7

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2015				
(dollars in millions)	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$ (19.3)	$ (44.0)	$ 174.2	$ —	$ 110.9
Capital expenditures	(0.1)	(22.5)	(261.0)	—	(283.6)
Proceeds received from sale of CyrusOne	—	643.9	—	—	643.9
Dividends received from CyrusOne	—	22.2	—	—	22.2
Proceeds from sale of assets	—	0.9	0.1	—	1.0
Distributions received from subsidiaries	11.3	—	—	(11.3)	—
Funding between Parent and subsidiaries, net	—	(597.1)	114.7	482.4	—
Other investing activities	(0.3)	—	—	—	(0.3)
Cash flows provided by (used in) investing activities	10.9	47.4	(146.2)	471.1	383.2
Funding between Parent and subsidiaries, net	486.4	—	(4.0)	(482.4)	—
Distributions paid to Parent	—	—	(11.3)	11.3	—
Net decrease in corporate credit and receivables facilities with initial maturities less than 90 days	—	—	(1.6)	—	(1.6)
Repayment of debt	(518.5)	(3.2)	(10.0)	—	(531.7)
Debt issuance costs	(0.2)	—	(0.2)	—	(0.4)
Other financing activities	(10.9)	—	—	—	(10.9)
Cash flows provided by (used in) financing activities	(43.2)	(3.2)	(27.1)	(471.1)	(544.6)
Increase (decrease) in cash and cash equivalents	(51.6)	0.2	0.9	—	(50.5)
Beginning cash and cash equivalents	56.2	0.2	1.5	—	57.9
Ending cash and cash equivalents	$ 4.6	$ 0.4	$ 2.4	$ —	$ 7.4

	Year Ended December 31, 2014				
(dollars in millions)	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$ (56.3)	$ 1.0	$ 230.5	$ —	$ 175.2
Capital expenditures	(0.2)	(29.6)	(152.5)	—	(182.3)
Proceeds from sale of CyrusOne	—	355.9	—	—	355.9
Dividends received from CyrusOne	—	28.4	—	—	28.4
Proceeds from sale of assets	—	194.4	2.0	—	196.4
Distributions received from subsidiaries	12.8	—	—	(12.8)	—
Funding between Parent and subsidiaries, net	—	(541.7)	(75.6)	617.3	—
Other investing activities	(0.3)	(5.5)	—	—	(5.8)
Cash flows provided by (used in) investing activities	12.3	1.9	(226.1)	604.5	392.6
Funding between Parent and subsidiaries, net	516.2	—	101.1	(617.3)	—
Distributions paid to Parent	—	—	(12.8)	12.8	—
Net increase in corporate credit and receivables facilities with initial maturities less than 90 days	(40.0)	—	(87.0)	—	(127.0)
Repayment of debt	(367.3)	(3.0)	(6.2)	—	(376.5)
Debt issuance costs	(0.7)	—	(0.2)	—	(0.9)
Proceeds from exercise of options and warrants	1.3	—	—	—	1.3
Other financing activities	(11.4)	—	—	—	(11.4)
Cash flows provided by (used in) financing activities	98.1	(3.0)	(5.1)	(604.5)	(514.5)
Increase (decrease) in cash and cash equivalents	54.1	(0.1)	(0.7)	—	53.3
Beginning cash and cash equivalents	2.1	0.3	2.2	—	4.6
Ending cash and cash equivalents	$ 56.2	$ 0.2	$ 1.5	$ —	$ 57.9

Condensed Consolidating Statements of Cash Flows

(dollars in millions)	Year Ended December 31, 2013				
	Parent (Issuer)	Guarantors	Non-guarantors	Eliminations	Total
Cash flows provided by (used in) operating activities	$(218.1)	$ 28.8	$ 268.1	$—	$ 78.8
Capital expenditures	—	(36.1)	(160.8)	—	(196.9)
Dividends received from CyrusOne	—	21.3	—	—	21.3
Proceeds from sale of assets	—	—	2.0	—	2.0
Cash divested from deconsolidation of CyrusOne	—	—	(12.2)	—	(12.2)
Other investing activities	—	—	0.4	—	0.4
Cash flows provided by (used in) investing activities	—	(14.8)	(170.6)	—	(185.4)
Issuance of long-term debt	536.0	—	—	—	536.0
Funding between Parent and subsidiaries, net	174.2	(10.0)	(164.2)	—	—
Net increase in corporate credit and receivables facilities with initial maturities less than 90 days	40.0	—	54.2	—	94.2
Repayment of debt	(522.0)	(4.0)	(4.8)	—	(530.8)
Debt issuance costs	(6.7)	—	—	—	(6.7)
Proceeds from exercise of options and warrants	7.1	—	—	—	7.1
Other financing activities	(12.2)	—	—	—	(12.2)
Cash flows provided by (used in) financing activities	216.4	(14.0)	(114.8)	—	87.6
Increase (decrease) in cash and cash equivalents	(1.7)	—	(17.3)	—	(19.0)
Beginning cash and cash equivalents	3.8	0.3	19.5	—	23.6
Ending cash and cash equivalents	$ 2.1	$ 0.3	$ 2.2	$—	$ 4.6

20. Quarterly Financial Information (Unaudited)

(dollars in millions, except per common share amounts)	2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$292.9	$285.8	$299.8	$289.3	$1,167.8
Operating income	37.1	29.7	36.2	25.0	128.0
Income from continuing operations	0.3	180.7	79.3	30.5	290.8
Income from discontinued operations, net of tax	48.9	10.9	1.0	2.1	62.9
Net income	49.2	191.6	80.3	32.6	353.7
Basic earnings (loss) per common share from continuing operations	$ (0.01)	$ 0.85	$ 0.37	$ 0.13	$ 1.34
Basic earnings per common share from discontinued operations	$ 0.23	$ 0.05	$ —	$ 0.01	$ 0.30
Net basic earnings per common share	$ 0.22	$ 0.90	$ 0.37	$ 0.14	$ 1.64
Diluted earnings (loss) per common share from continuing operations	$ (0.01)	$ 0.84	$ 0.37	$ 0.13	$ 1.33
Diluted earnings per common share from discontinued operations	$ 0.23	$ 0.05	$ —	$ 0.01	$ 0.30
Net diluted earnings per common share	$ 0.22	$ 0.89	$ 0.37	$ 0.14	$ 1.63

(dollars in millions, except per common share amounts)	2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$282.2	$283.0	$301.4	$294.9	$1,161.5
Operating income	50.4	47.3	47.8	31.4	176.9
Income (loss) from continuing operations	5.9	123.7	(7.5)	(4.4)	117.7
Income (loss) from discontinued operations, net of tax	1.1	(9.5)	(19.8)	(13.9)	(42.1)
Net income (loss)	7.0	114.2	(27.3)	(18.3)	75.6
Basic earnings (loss) per common share from continuing operations	$ 0.02	$ 0.58	$ (0.05)	$ (0.03)	$ 0.51
Basic earnings (loss) per common share from discontinued operations	$ —	$ (0.04)	$ (0.09)	$ (0.07)	$ (0.20)
Net basic earnings (loss) per common share	$ 0.02	$ 0.54	$ (0.14)	$ (0.10)	$ 0.31
Diluted earnings (loss) per common share from continuing operations	$ 0.02	$ 0.58	$ (0.05)	$ (0.03)	$ 0.51
Diluted earnings (loss) per common share from discontinued operations	$ —	$ (0.05)	$ (0.09)	$ (0.07)	$ (0.20)
Net diluted earnings (loss) per common share	$ 0.02	$ 0.53	$ (0.14)	$ (0.10)	$ 0.31

The effects of assumed common share conversions are determined independently for each respective quarter and year and may not be dilutive during every period due to variations in operating results. Therefore, the sum of quarterly per share results will not necessarily equal the per share results for the full year.

Income from continuing operations in 2015 includes gains from the sale of our CyrusOne investment of $295.2 million, $117.7 million, and $36.3 million in the second, third, and fourth quarters, respectively. Income from continuing operations in the second quarter of 2014 includes a $192.8 million gain on sale of our CyrusOne investment.

In the second quarter of 2015, the Company redeemed the remaining $300.0 million of outstanding 8¾% Senior Subordinated Notes due 2018 at a redemption rate of 102.188% which resulted in recording a loss on extinguishment of debt of $10.4 million.

Additionally, the Company redeemed $45.1 million of its outstanding 8⅜% Senior Notes due 2020 at an average redemption price of 106.450% which resulted in recording a loss on extinguishment of debt of $3.1 million in the second quarter of 2015. During the third quarter of 2015, the Company redeemed $137.6 million of its outstanding 8⅜% Senior Notes due 2020 at an average redemption price of 105.242%. As a result of the redemption, the Company recorded a loss on extinguishment of debt of $7.8 million.

In the third quarter of 2014, the Company redeemed $325.0 million of its 8¾% Senior Subordinated Notes due 2018 at a redemption price of 104.375%. As a result of the redemption, the Company recorded a debt extinguishment loss of $19.4 million.

Operating income in the fourth quarter of 2014 includes an impairment charge of $4.6 million related to the abandonment of an internal use software project.

As of March 31, 2015, no subscribers remained on the network, and we no longer required the use of the leased spectrum. Therefore, the $112.6 million gain on the sale of the wireless spectrum licenses, which had been previously deferred, was recognized in Income (loss) from discontinued operations, net of tax in the first quarter of 2015. During the second quarter, we transferred certain other assets related to our wireless business, including leases to certain wireless towers and related equipment and other assets, resulting in a gain of $15.9 million in the second quarter of 2015 which was recognized in Income (loss) from discontinued operations, net of tax.

21. Subsequent Events

Subsequent to December 31, 2015, the Company redeemed $23.8 million of its outstanding CBT Notes due 2028 at an average redemption price of 90.711% which will result in a gain on extinguishment of debt of approximately $2.0 million in the first quarter of 2016.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

No reportable information under this item.

Item 9A. 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) Management's annual report on internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in Part II, Item 8 of this Annual Report on Form 10-K.

(c) Changes in internal control over financial reporting.

There were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2015 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Item 9B. Other Information

No reportable information under this item.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 401, Item 405, Item 406 and 407 (c)(3), (d)(4) and (d)(5) of Regulation S-K regarding directors of Cincinnati Bell Inc. can be found in the Proxy Statement for the 2016 Annual Meeting of Shareholders and is incorporated herein by reference.

The Company's Code of Ethics for Senior Financial Officers that applies to its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer is posted on the Company's website at http://www.cincinnatibell.com. Within the time period required by the SEC and the New York Stock Exchange ("NYSE"), the Company will post on its website any amendment to the Code of Ethics for Senior Financial Officers and any waiver of such code relating to such senior executive officers of the Company.

In addition to the certifications of the Company's Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 and filed as exhibits to this Annual Report on Form 10-K, in May 2015 the Company's Chief Executive Officer submitted to the NYSE the certification regarding compliance with the NYSE's corporate governance listing standards required by Section 303 A.12 of the NYSE Listed Company Manual.

Executive Officers of the Registrant:

The names, ages and positions of the executive officers of the Company as of February 25, 2016 are as follows:

Name	Age	Title
Theodore H. Torbeck (a)	59	President and Chief Executive Officer
Leigh R. Fox	43	Chief Financial Officer
Thomas E. Simpson	43	Chief Technology Officer
Christopher J. Wilson	50	Vice President, General Counsel and Secretary
Joshua T. Duckworth	37	Vice President, Investor Relations and Controller

(a) Member of the Board of Directors

Officers are elected annually but are removable at the discretion of the Board of Directors.

The business experiences of our executive officers during the past five years are as follows:

THEODORE H. TORBECK, President and Chief Executive Officer since February 1, 2013; President and General Manager of Cincinnati Bell Communications Group from September 2010 to February 2013; Chief Executive Officer of The Freedom Group, Inc. from 2008 to August 2010.

LEIGH R. FOX, Chief Financial Officer of the Company since October 2013; Chief Administrative Officer of the Company from July 2013 to October 2013; Senior Vice President of Finance and Operations from December 2012 to July 2013; Vice President of Finance at Cincinnati Bell Technology Solutions Inc. (CBTS) from October 2008 to December 2012.

THOMAS E. SIMPSON, Senior Vice President and Chief Technology Officer of the Company since January 2015; Vice President and Chief Technology Officer at Cincinnati Bell Technology Solutions (CBTS) from 2014 to 2015; Vice President, Research and Development at CBTS from 2010 to 2014; Director, Technical Operations at CBTS from 2008 to 2010.

CHRISTOPHER J. WILSON, Vice President, General Counsel and Secretary of the Company since August 2003.

JOSHUA T. DUCKWORTH, Vice President, Investor Relations and Controller of the Company since July 2013; Assistant Treasurer and Director of Investor Relations for Cincinnati Bell Inc. from August 2012 to July

2013; Assistant Controller for Cincinnati Bell Inc. from August 2010 to August 2012; Deloitte & Touche LLP's audit practice from October 2004 to August 2010.

Items 11. Executive Compensation

The information required by this item can be found in the Proxy Statement for the 2016 Annual Meeting of Shareholders and is incorporated herein by reference.

Items 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item can be found in the Proxy Statement for the 2016 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item can be found in the Proxy Statement for the 2016 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item can be found in the Proxy Statement for the 2016 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Consolidated financial statements are included beginning on page 57.

Financial Statement Schedules

Financial Statement Schedule II — Valuation and Qualifying Accounts is included on page 130. All other schedules are not required under the related instructions or are not applicable.

Exhibits 2

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission, 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)	Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.2 to Current Report on Form 8-K, date of Report April 25, 2008, File No. 1-8519).
(4.1)	Indenture dated July 1, 1993, between Cincinnati Bell Inc., as Issuer, and The Bank of New York, as Trustee, relating to Cincinnati Bell Inc.'s 7¼% Notes Due June 15, 2023 (Exhibit 4-A to Current Report on Form 8-K, date of Report July 12, 1993, File No. 1-8519).
(4.2)	Indenture dated as of March 15, 2010, by and among Cincinnati Bell Inc., as Issuer, the subsidiaries of Cincinnati Bell Inc. party thereto, as Guarantors, and The Bank of New York Mellon, as Trustee, relating to Cincinnati Bell Inc.'s 8¾% Senior Subordinated Notes due 2018 (Exhibit 4.1 to Current Report on Form 8-K, date of Report March 15, 2010, File No. 1-8519).
(4.3)	Indenture dated as of October 13, 2010, by and among Cincinnati Bell Inc., as Issuer, the subsidiaries of Cincinnati Bell Inc. party thereto, as Guarantors, and The Bank of New York Mellon, as Trustee, relating to Cincinnati Bell Inc.'s 8⅜% Senior Notes due 2020 (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 13, 2010, File No. 1-8519).
(4.4)	Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit 4-A to Current Report on Form 8-K, date of Report November 30, 1998, File No. 1-8519).
(4.5)	First Supplemental Indenture dated as of December 31, 2004 to the Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit 4(c)(iii)(2) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.6)	Second Supplemental Indenture dated as of January 10, 2005 to the Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company LLC (as successor entity to Cincinnati Bell Telephone Company), as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit (4)(c)(iii)(3) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.7)	Warrant Agreement dated as of March 26, 2003, by and among Broadwing Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers (Exhibit (4)(c)(vii) to Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-8519).

Exhibit Number	Description
(4.8)	Equity Registration Rights Agreement dated as of March 26, 2003, by and between Broadwing Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers (Exhibit (4)(c)(ix) to Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-8519).
(4.90)	Purchase Agreement dated as of December 9, 2002, by and among Broadwing Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers of Senior Subordinated Discount Notes due 2009 (Exhibit (4)(c)(x)(1) to Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-8519).
(4.10)	First Amendment to Purchase Agreement dated as of March 26, 2003, by and among Broadwing Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers of Senior Subordinated Discount Notes due 2009 (Exhibit (4)(c)(x)(2) to Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-8519).
(4.11)	Second Amendment to Purchase Agreement dated as of April 30, 2004, by and among Cincinnati Bell Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers of Senior Subordinated Discount Notes due 2009 (Exhibit (4)(c)(x)(3) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File No. 1-8519).
(4.12)	Third Amendment to Purchase Agreement dated April 30, 2004, by and among Cincinnati Bell Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers of Senior Subordinated Discount Notes due 2009 (Exhibit 4(c)(viii)(4) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.13)	Fourth Amendment to Purchase Agreement dated January 31, 2005, by and among Cincinnati Bell Inc., GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., and any other affiliate purchasers of Senior Subordinated Discount Notes due 2009 (Exhibit 4(c)(viii)(5) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.14)	No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
(10.1)	Credit Agreement dated as of November 20, 2012, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 20, 2012, File No. 1-8519).
(10.2)	First Amendment to Credit Agreement dated as of September 10, 2013, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 10, 2013, File No. 1-8519).
(10.3)	Annex I to First Amendment to Credit Agreement dated as of September 10, 2013, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.2 to Current Report on Form 8-K, date of Report September 10, 2013, File No. 1-8519).
(10.4)	Second Amendment to Credit Agreement dated as of June 23, 2014, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.4 to Annual Report on Form 10-K, date of Report February 26, 2015, File No. 1-8519).
(10.5)	Third Amendment to Credit Agreement dated as of September 30, 2014, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 30, 2014, File No. 1-8519).

Exhibit Number	Description
(10.6)	Fourth Amendment to Credit Agreement dated as of November 5, 2014, among Cincinnati Bell Inc., an Ohio corporation, the subsidiary guarantors party thereto, the Lenders party thereto and Bank of America, N.A. (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 5, 2014, File No. 1-8519).
(10.7)	Amended and Restated Purchase and Sale Agreement dated as of June 6, 2011, among the Originators identified therein, Cincinnati Bell Funding LLC, and Cincinnati Bell Inc., as Servicer and sole member of Cincinnati Bell Funding LLC (Exhibit 99.2 to Current Report on Form 8-K, date of Report June 6, 2011, File No. 1-8519).
(10.8)	First Amendment to Purchase and Sale Agreement dated as of August 1, 2011, among the Originators identified therein, Cincinnati Bell Funding LLC and Cincinnati Bell Inc. as Servicer and sole member of Cincinnati Bell Funding LLC (Exhibit 99.2 to Current Report on Form 8-K, date of Report August 1, 2011, File No. 1-8519).
(10.9)	Second Amendment to Amended and Restated Purchase and Sale Agreement dated as of October 1, 2012, among the Originators identified therein, Cincinnati Bell Funding LLC and Cincinnati Bell Inc. as Servicer and sole member of Cincinnati Bell Funding LLC. (Exhibit 99.2 to Current Report on Form 8-K, date of Report October 1, 2012, File No. 1-8519).
(10.10)	Third Amendment to Amended and Restated Purchase and Sale Agreement, dated as of June 1, 2015, among Cincinnati Bell Wireless, LLC, Cincinnati Bell Funding LLC and Cincinnati Bell Inc. (Exhibit 10.2 to Current Report on Form 8-K, Date of Report June 1, 2015, File No. 1-8519).
(10.11)	Amended and Restated Receivables Purchase Agreement dated as of June 6, 2011, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, the Various Purchaser Groups identified therein, and PNC Bank, National Association, as Administrator and LC Bank (Exhibit 99.1 to Current Report on Form 8-K, date of Report June 6, 2011, File No. 1-8519).
(10.12)	First Amendment to Amended and Restated Receivables Purchase Agreement dated as of August 1, 2011, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, the Various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator and LC Bank (Exhibit 99.1 to Current Report on Form 8-K, date of Report August 1, 2011, File No. 1-8519).
(10.13)	Second Amendment to Amended and Restated Receivables Purchase Agreement dated as of June 4, 2012, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, the Various Purchaser Groups identified therein, and PNC Bank, National Association, as Administrator and LC Bank (Exhibit 99.1 to Current Report on Form 8-K, date of Report June 4, 2012, File No. 1-8519).
(10.14)	Third Amendment to Amended and Restated Receivables Purchase Agreement dated as of October 1, 2012, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, the Various Purchaser Groups identified therein, and PNC Bank, National Association, as Administrator and LC Bank. (Exhibit 99.1 to Current Report on Form 8-K, date of Report October 1, 2012, File No. 1-8519).
(10.15)	Fourth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of June 3, 2013, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell, Inc., as Servicer, the various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator (Exhibit 99.1 to Current Report on Form 8-K, date of Report June 3, 2013, File No. 1-8519).
(10.16)	Fifth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of September 13, 2013, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell, Inc., as Servicer, the various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator (Exhibit 10.16 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).

Exhibit Number	Description
(10.17)	Sixth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of June 2, 2014, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell, Inc., as Servicer, the various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator (Exhibit 99.1 to Current Report on Form 8-K, date of Report June 2, 2014, File No. 1-8519).
(10.18)	Seventh Amendment to Amended and Restated Receivables Purchase Agreement, dated as of September 30, 2014, among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell, Inc., as Servicer, the various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator (Exhibit 10.17 to Annual Report on Form 10-K, date of Report February 26, 2015, File No. 1-8519).
(10.19)	Eighth Amendment to Amended and Restated Receivables Purchase Agreement, dated June 1, 2015, among Cincinnati Bell Funding LLC , as Seller, Cincinnati Bell, Inc., as Servicer and Performance Guarantor, the various Purchasers and Purchaser Agents identified therein, and PNC Bank, National Association, as Administrator (Exhibit 10.1 to Current Report on Form 8-K, Date of Report June 1, 2015, File No. 1-8519).
(10.20)	License Purchase Agreement dated as of April 6, 2014 among Cincinnati Bell Wireless, LLC, an Ohio limited liability company, and Cellco Partnership, a Delaware general partnership doing business as Verizon Wireless (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 7, 2014, File No. 1-8519).
(10.21)	Network Asset Purchase Agreement dated as of April 6, 2014 among Cincinnati Bell Wireless, LLC, an Ohio limited liability company, and Cellco Partnership, a Delaware general partnership doing business as Verizon Wireless (Exhibit 10.2 to Current Report on Form 8-K, date of Report April 7, 2014, File No. 1-8519).
(10.22)	Incremental Assumption Agreement dated April 6, 2015 among Cincinnati Bell Inc. an Ohio corporation, the subsidiary guarantors thereto, Bank of America, N.A., and the additional lenders thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 6, 2015, File No. 1-8519).
(10.23)	Assignment Agreement, dated as of June 1, 2015, among Cincinnati Bell Funding LLC, Cincinnati Bell Wireless, LLC, and PNC Bank, National Association (Exhibit 10.3 to Current Report on Form 8-K, Date of Report June 1, 2015, File No. 1-8519).
(10.24)*	Cincinnati Bell Inc. Pension Program, as amended and restated effective January 1, 2005 (Exhibit (10)(iii)(A)(3) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.25)*	Amendment to Cincinnati Bell Inc. Pension Program, effective December 31, 2011 (Exhibit 10.12 to Annual Report on Form 10-K for the year ended December 31, 2011, File No. 1-8519).
(10.26)*	Restatement of the Cincinnati Bell Management Pension Plan executed January 17, 2011 (Exhibit 10.13 to Annual Report on Form 10-K for the year ended December 31, 2011, File No. 1-8519).
(10.27)*	Restatement of the Cincinnati Bell Pension Plan executed January 25, 2011 (Exhibit 10.14 to Annual Report on Form 10-K for the year ended December 31, 2011, File No. 1-8519).
(10.28)*	Amendment to Cincinnati Bell Management Pension Plan executed December 20, 2013 (Exhibit 10.21 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.29)*	Amendment to Cincinnati Bell Management Pension Plan executed May 16, 2013 (Exhibit 10.22 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.30)*	Amendment to Cincinnati Bell Management Pension Plan executed April 17, 2012 (Exhibit 10.23 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).

Exhibit Number	Description
(10.31)*	Amendment to Cincinnati Bell Management Pension Plan executed December 20, 2011 (Exhibit 10.24 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.32)*	Amendment to Cincinnati Bell Pension Plan executed on December 20, 2013 (Exhibit 10.25 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.33)*	Amendment to Cincinnati Bell Pension Plan executed on April 17, 2012 (Exhibit 10.26 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.34)*	Amendment to Cincinnati Bell Pension Plan executed on November 29, 2011 (Exhibit 10.27 to Annual Report on Form 10-K for the year ended December 31, 2013, File No. 1-8519).
(10.35)+	Amendment to the Cincinnati Bell Pension Plan executed May 1, 2015.
(10.36)*	Cincinnati Bell Inc. 2011 Short Term Incentive Plan (Appendix A to the Company's 2011 Proxy Statement on Schedule 14A filed March 21, 2011, File No. 1-8519).
(10.37)*	Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as amended and restated as of January 1, 2005 (Exhibit (10)(iii)(A)(2) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.38)*	Cincinnati Bell Inc. Executive Deferred Compensation Plan, as amended and restated effective January 1, 2005 (Exhibit (10)(iii)(A)(4) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.39)*	Cincinnati Bell Inc. 2007 Long Term Incentive Plan, as amended (Appendix I to the Company's 2014 Proxy Statement on Schedule 14A filed March 20, 2015, File No. 1-8519).
(10.40)*	Form of Award Agreement to be implemented under the 2007 Long Term Incentive Plan dated as of December 7, 2010 (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 7, 2010, File No. 1-8519).
(10.41)*	Cincinnati Bell Inc. Form of Stock Option Agreement (2007 Long Term Incentive Plan) (Exhibit (10)(iii)(A)(22) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.42)*	Cincinnati Bell Inc. Form of Performance Restricted Stock Agreement (2007 Long Term Incentive Plan) (Exhibit (10)(iii)(A)(23) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.43)*	Cincinnati Bell Inc. Form of 2008-2010 Performance Share Agreement (2007 Long Term Incentive Plan) (Exhibit (10)(iii)(A)(24) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.44)*	Cincinnati Bell Inc. Form of Stock Appreciation Rights Agreement (Employees) (Exhibit (10)(iii)(A)(21) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.45) +	Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2007 Long Term Incentive Plan).
(10.46)*	Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (Appendix B to the Company's 2012 Proxy Statement on Schedule 14A filed on March 16, 2012, File No. 1-8519).
(10.47)*	Executive Compensation Recoupment/Clawback Policy effective as of January 1, 2011 (Exhibit 99.1 to Current Report on Form 8-K, date of Report October 29, 2010, File No. 1-8519).
(10.48)*	Amended and Restated Employment Agreement effective January 1, 2005, between Cincinnati Bell Inc. and Christopher J. Wilson (Exhibit (10)(iii)(A)(10) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
(10.49)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective July 26, 2013 (Exhibit 10.1 to Current Report on Form 8-K, date of Report July 26, 2013, File No. 1-8519).

Exhibit Number	Description
(10.50)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective January 1, 2015 (Exhibit 10.51 to Current Report on Form 10-K, date of report February 26, 2015, File No. 1-8519).
(10.51)*	Amended and Restated Employment Agreement dated September 7, 2010 between Cincinnati Bell Inc. and Theodore H. Torbeck (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 7, 2010, File No. 1-8519).
(10.52)*	Employment Agreement dated as of February 6, 2013 between Cincinnati Bell Inc. and Theodore H. Torbeck (Exhibit 10.1 to Current Report on Form 8-K, date of Report January 31, 2013, File No. 1-8519).
(10.53)*	Amended and Restated Employment Agreement effective July 26, 2013 between Cincinnati Bell Inc. and Leigh R. Fox (Exhibit 10.2 to Current Report on Form 8-K, date of Report July 26, 2013, File No. 1-8519).
(10.54)*	Employment Agreement between Cincinnati Bell Inc. and David L. Heimbach dated as of November 20, 2013 (Exhibit 10.1 to Current Report on Form 8-K, date of earliest event reported November 20, 2013, File No. 1-8519).
(10.55)*	Employment Agreement dated as of May 5, 2014 between Cincinnati Bell Inc. and Joshua T. Duckworth (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 5, 2014, 2014, File No. 1-8519).
(10.56)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson dated as of January 27, 2015 (Exhibit 10.50 to Annual Report on Form 10-K, date of report February 26, 2015, File No. 1-8519).
(12.1) +	Calculation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
(14)	Code of Ethics for Senior Financial Officers, as adopted pursuant to Section 406 of Regulation S-K (Exhibit (10)(iii)(A)(15) to Annual Report on Form 10-K for the year ended December 31, 2003, File No. 1-8519).
(21) +	Subsidiaries of the Registrant.
(23) +	Consent of Independent Registered Public Accounting Firm.
(24) +	Powers of Attorney.
(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.

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

+ Filed herewith.

* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 15(a)(3) of the Instruction to Form 10-K.

** Submitted electronically with this report.

The Company's reports on Form 10-K, 10-Q, 8-K, proxy and other information are available free of charge at the following website: *http://www.cincinnatibell.com*. Upon request, the Company will furnish a copy of the Proxy Statement to its security holders without charge, portions of which are incorporated herein by reference. The Company will furnish any other exhibit at cost.

VALUATION AND QUALIFYING ACCOUNTS

(dollars in millions)	Beginning of Period	Additions		Deductions	End of Period
		Charge (Benefit) to Expenses	To (from) Other Accounts		
Allowance for Doubtful Accounts					
Year 2015	$12.4	$ 8.5	$ —	$ 8.5	$12.4
Year 2014	$12.2	$10.4	$ —	$10.2	$12.4
Year 2013	$13.3	$11.3	$ —	$12.4	$12.2
Deferred Tax Valuation Allowance					
Year 2015	$64.4	$ (5.5)	$(0.5)	$ —	$58.4
Year 2014	$68.3	$ (1.1)	$(2.8)	$ —	$64.4
Year 2013	$56.8	$14.1	$(2.6)	$ —	$68.3

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 25, 2016

/s/ Leigh R. Fox
Leigh R. Fox
Chief Financial Officer

Date: February 25, 2016

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Theodore H. Torbeck Theodore H. Torbeck	President, Chief Executive Officer and Director	February 25, 2016
Phillip R. Cox* Phillip R. Cox	Chairman of the Board and Director	February 25, 2016
John W. Eck* John W. Eck	Director	February 25, 2016
Jakki L. Haussler* Jakki L. Haussler	Director	February 25, 2016
Craig F. Maier* Craig F. Maier	Director	February 25, 2016
Russel P. Mayer* Russel P. Mayer	Director	February 25, 2016
Lynn A. Wentworth* Lynn A. Wentworth	Director	February 25, 2016
Martin J. Yudkovitz* Martin J. Yudkovitz	Director	February 25, 2016
John M. Zrno* John M. Zrno	Director	February 25, 2016

*By: /s/ Theodore H. Torbeck

Theodore H. Torbeck
as attorney-in-fact and on his behalf
as Principal Executive Officer, President, Chief Executive Officer and Director

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Annual Meeting

The annual meeting of shareholders will be held at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio 45202, at 11:00 a.m. (Eastern Daylight Time) on Friday, April 29, 2016.

Cincinnati Bell Information

Cincinnati Bell's common stock is traded on the New York Stock Exchange under the ticker symbol "CBB." For the latest information about Cincinnati Bell and your Cincinnati Bell investment, you can contact us in three ways:

Online: In the Investor Relations section of www.cincinnatibell.com, you can sign up for e-mail delivery of Cincinnati Bell news; view and print an electronic copy of the Annual Report; find financial reports, including Forms 10-K and 10-Q, and quarterly earnings reports; listen to webcasts of presentations to investors and security analysts; retrieve stock prices; and review frequently asked questions.

Phone: Individual investors may also contact us via our Shareholder Information Line at (800) 345-6301.

Mail: Contact us via U.S. Mail at Cincinnati Bell Inc., Investor Relations, 221 East 4th Street, Cincinnati, Ohio 45202

Investor Relations Contact

Josh Duckworth
Vice President, Investor Relations and Controller
(513) 397-2292

Transfer Agent and Registrar

Questions regarding registered shareholder accounts or the Stock Purchase Plan should be directed to Cincinnati Bell's transfer agent and registrar:

Computershare Investor Services, LLC
Shareholder Services
7530 Lucerne Drive, Suite 305
Cleveland, Ohio 44130-6557
Phone: (888) 294-8217
Fax: (866) 204-6049
www.computershare.com

Note: If your shares of Cincinnati Bell common stock are held in trust or by an investment firm, please contact your trustee or investment firm representative.

Cincinnati Bell℠ is a trademark of Cincinnati Bell Telephone Company, LLC

Cincinnati Bell℠

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