

CINCINNATI BELL INC
Form 10-Q
August 04, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended June 30, 2011

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

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

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

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

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

At July 31, 2011, there were 198,916,366 common shares outstanding.

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Cincinnati Bell Inc.

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Form 10-q Part I

Cincinnati Bell Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Revenue				
Services	\$314.8	\$294.1	\$626.2	\$583.9
Products	52.7	44.5	102.1	78.4
Total revenue	367.5	338.6	728.3	662.3
Costs and expenses				
Cost of services, excluding items below	114.8	99.5	225.5	196.9
Cost of products sold, excluding items below	54.2	46.5	102.7	83.0
Selling, general and administrative	66.6	67.2	131.2	134.4
Depreciation and amortization	48.8	41.3	97.2	81.5
Restructuring charges	—	5.2	—	5.2
Curtailed loss	4.2	—	4.2	—
Acquisition costs	0.8	9.1	1.9	9.1
Asset impairment	0.5	—	1.6	—
Total operating costs and expenses	289.9	268.8	564.3	510.1
Operating income	77.6	69.8	164.0	152.2
Interest expense	53.4	42.4	107.9	79.5
Loss on extinguishment of debt	—	10.4	—	10.4
Other expense, net	—	0.2	—	0.1
Income before income taxes	24.2	16.8	56.1	62.2
Income tax expense	10.7	7.2	24.7	29.8
Net income	13.5	9.6	31.4	32.4
Preferred stock dividends	2.6	2.6	5.2	5.2
Net income applicable to common shareowners	\$10.9	\$7.0	\$26.2	\$27.2
Basic earnings per common share	\$0.06	\$0.03	\$0.13	\$0.14
Diluted earnings per common share	\$0.05	\$0.03	\$0.13	\$0.13

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

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Cincinnati Bell Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

(Unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$90.1	\$77.3
Receivables, less allowances of \$11.8 and \$14.0	180.0	184.2
Inventory, materials and supplies	18.6	