

Cincinnati Bell Inc.
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except share amounts)

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 11.6	\$ 15.4
Receivables, less allowances of \$14.3 and \$13.0	307.7	342.8
Inventory, materials and supplies	44.6	46.5
Prepaid expenses	28.3	30.7
Other current assets	11.6	10.5
Total current assets	403.8	445.9
Property, plant and equipment, net	1,780.8	1,844.0
Operating lease right-of-use assets	35.8	—
Goodwill	160.5	157.0
Intangible assets, net	155.4	168.1
Deferred income tax assets	59.3	47.5
Other noncurrent assets	58.2	67.7
Total assets	<u>\$ 2,653.8</u>	<u>\$ 2,730.2</u>
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	\$ 22.3	\$ 20.2
Accounts payable	284.6	331.9
Unearned revenue and customer deposits	59.1	55.9
Accrued taxes	29.1	24.8
Accrued interest	26.8	26.8
Accrued payroll and benefits	49.0	42.9
Other current liabilities	52.6	39.2
Total current liabilities	523.5	541.7
Long-term debt, less current portion	1,901.3	1,909.6
Operating lease liabilities	32.1	—
Pension and postretirement benefit obligations	215.5	230.6
Pole license agreement obligation	38.0	39.1
Deferred income tax liabilities	11.7	11.4
Other noncurrent liabilities	71.7	72.8
Total liabilities	2,793.8	2,805.2
Shareowners' deficit		
Preferred stock, 2,357,299 shares authorized; 155,250 shares (3,105,000 depositary shares) of 6 3/4% Cumulative Convertible Preferred Stock issued and outstanding at December 31, 2019 and 2018; liquidation preference \$1,000 per share (\$50 per depositary share)	129.4	129.4
Common shares, \$.01 par value; 96,000,000 shares authorized; 50,420,700 and 50,184,114 shares issued and outstanding at December 31, 2019 and 2018, respectively	0.5	0.5
Additional paid-in capital	2,676.2	2,680.0
Accumulated deficit	(2,776.0)	(2,709.4)
Accumulated other comprehensive loss	(170.1)	(175.5)
Total shareowners' deficit	(140.0)	(75.0)
Total liabilities and shareowners' deficit	<u>\$ 2,653.8</u>	<u>\$ 2,730.2</u>

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,		
	2019	2018	2017
Revenue	\$ 1,536.7	\$ 1,378.2	\$ 1,065.7
Costs and expenses			
Cost of services and products, excluding items below	784.6	698.7	531.0
Selling, general and administrative	354.4	313.4	235.1
Depreciation and amortization	304.9	252.0	193.0
Restructuring and severance related charges	6.9	8.3	32.7
Transaction and integration costs	12.8	22.5	18.5
Total operating costs and expenses	1,463.6	1,294.9	1,010.3
Operating income	73.1	83.3	55.4
Interest expense	139.6	131.5	85.2
Loss on extinguishment of debt, net	—	1.3	3.2
Other components of pension and postretirement benefit plans expense	11.2	12.5	16.6
Gain on sale of CyrusOne investment	—	—	(117.7)
Other (income) expense, net	(0.5)	(1.6)	1.4
(Loss) income before income taxes	(77.2)	(60.4)	66.7
Income tax (benefit) expense	(10.6)	9.4	26.7
Net (loss) income	(66.6)	(69.8)	40.0
Preferred stock dividends	10.4	10.4	10.4
Net (loss) income applicable to common shareowners	\$ (77.0)	\$ (80.2)	\$ 29.6
Basic and diluted net (loss) earnings per common share	\$ (1.53)	\$ (1.73)	\$ 0.70
Weighted-average common shares outstanding (millions)			
Basic	50.4	46.3	42.2
Diluted	50.4	46.3	42.4

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Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)

	Year Ended December 31,		
	2019	2018	2017
Net (loss) income	\$ (66.6)	\$ (69.8)	\$ 40.0
Other comprehensive income (loss), net of tax:			
Unrealized gains on Investment in CyrusOne, net of tax of \$4.4	—	—	8.3
Reclassification adjustment for gain on sale of Investment in CyrusOne included in net income, net of tax of (\$41.3)	—	—	(76.4)
Foreign currency translation gain (loss)	3.7	(6.5)	0.2
Cash flow hedges:			
Unrealized loss on cash flow hedges arising during the period, net of tax of (\$3.7), (\$1.4)	(12.5)	(4.8)	—
Reclassification adjustment for net losses included in net income, net of tax of \$0.5, \$0.3	1.7	0.9	—
Defined benefit plans:			
Net gain (loss) arising from remeasurement during the period, net of tax of \$0.7, (\$1.6), \$0.8	2.5	(5.5)	2.8
Amortization of prior service benefits included in net income, net of tax of (\$0.6), (\$0.7), (\$1.6)	(1.9)	(2.4)	(2.9)
Amortization of net actuarial loss included in net income, net of tax of \$3.6, \$4.7, \$7.9	11.9	16.4	14.3
Reclassification adjustment for pension settlement charges included in net income, net of tax of \$0.0, \$1.5	—	0.1	2.5
Total other comprehensive income (loss), net of tax	5.4	(1.8)	(51.2)
Total comprehensive loss	\$ (61.2)	\$ (71.6)	\$ (11.2)

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Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net (loss) income	\$ (66.6)	\$ (69.8)	\$ 40.0
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	304.9	252.0	193.0
Loss on extinguishment of debt	—	1.3	3.2
Gain on sale of Investment in CyrusOne	—	—	(117.7)
Provision for loss on receivables	12.5	8.4	6.9
Noncash portion of interest expense	6.2	5.4	2.8
Deferred income taxes	(10.9)	6.9	26.3
Pension and other postretirement payments (in excess of) less than expense	(0.1)	(7.2)	6.4
Stock-based compensation	7.4	5.6	5.9
Other, net	(5.0)	(3.5)	2.5
Changes in operating assets and liabilities:			
Decrease (increase) in receivables	27.6	(83.1)	21.3
Decrease (increase) in inventory, materials, supplies, prepaid expenses and other current assets	5.0	2.2	(16.6)
(Decrease) increase in accounts payable	(40.0)	95.1	22.4
Increase in accrued and other current liabilities	13.0	10.5	16.2
Decrease (increase) in other noncurrent assets	9.3	(0.9)	1.4
Decrease in other noncurrent liabilities	(4.2)	(8.2)	(10.6)
Net cash provided by operating activities	259.1	214.7	203.4
Cash flows from investing activities			
Capital expenditures	(223.8)	(220.6)	(210.5)
Proceeds from sale of Investment in CyrusOne	—	—	140.7
Acquisitions of businesses, net of cash acquired	—	(216.8)	(167.0)
Other, net	0.5	—	—
Net cash used in investing activities	(223.3)	(437.4)	(236.8)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	—	—	943.0
Net (decrease) increase in corporate credit and receivables facilities with initial maturities less than 90 days	(6.1)	194.6	(89.5)
Repayment of debt	(21.5)	(328.7)	(403.0)
Debt issuance costs	(0.8)	(11.7)	(19.1)
Dividends paid on preferred stock	(10.4)	(10.4)	(10.4)
Other, net	(0.8)	(1.9)	(0.8)
Net cash (used in) provided by financing activities	(39.6)	(158.1)	420.2
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(0.3)	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(3.8)	(381.1)	386.8
Cash, cash equivalents and restricted cash at beginning of year	15.4	396.5	9.7
Cash, cash equivalents and restricted cash at end of year	\$ 11.6	\$ 15.4	\$ 396.5

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